Greater Tzaneen Municipality
Consolidated financial statements
for the year ended 30 June 2019

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

General Information

Nature of business and principal activities	Greater Tzaneen Municipality is a local municipality performing the functions as set out in the constitution (Act no 105 of 1996). Greater Tzaneen Economic Development Agency (GTEDA) is a municipal entity performing the functions consistent with that of an entity.
Jurisdiction within which the Municipality operates	The Greater Tzaneen Municipality is situated in the eastern quadrant of the Limpopo Province in the Mopani District Municipality Area of Jurisdiction. It extends from Haenertsburg in the west, to Rubbervale in the east, and just south of Modjadjiskloof in the north, to Trichardtsdal in the South.
Executive committee	
Mayor	Councillor M.M. Mangena
Members of the Executive Committee	Councillor M.M. Mangena Councillor T.T. Maunatlala (Finance) Councillor M.M. Letsoalo (Sports, Recreation, Arts and Culture) Councillor G.E. Ntimbane (Infrastructure) Councillor M.L. Hlangwane (Health, Environment and Social Development) Councillor M.S. Tiba (Economic Development, Housing and Spatial Development Plan) Councillor C. Machimana (Public Transport and Safety and Security Councillor N.J. Mbhalati (Corporate Gov. and Share Services) Councillor D.J. Mmetle (Speaker) Councillor C.S. Nhemo (Chief Whip) Councillor M. Prinsloo (Exco) Councillor D.O. Malemela (Exco)
Ordinary Councillors	Councillor D.J. Mmetle (Speaker) Councillor M.G. Mangena (Mayor) Councillor C.S. Nhemo (Chief Whip) Councillor M.M. Letsoalo Councillor C. Machimana Councillor T.T. Maunatlala Councillor N.J. Mbhalati Councillor G.E. Ntimbane Councillor M. Prinsloo Councillor M.M. Sekhwela Councillor M.S. Tiba Councillor M.L. Hlangwane Councilor M.S. Baloyi Councillor J. Banyini Councillor O.K. Banyini Councillor P.W. Cronje Councillor D.G. Kgafane Councillor M.R. Kgatla Councillor L.K. Lepulana Councillor M.J. Maake Councillor M.H. Mafokwane Councillor N.M. Mahasha Councillor J.T. Makhubele

General Information

	Councillor G.P. Makhubele Councillor M.M Makwala Councillor S.C. Makwala Councillor M.A. Makwela Councillor M.M. Makwela Councillor T.E. Malatji Councillor G.M. Malatji Councillor D.O. Malamela Councillor S.M. Mapitja Councillor S.P. Masetla Councillor N.A. Masila Councillor N.P. Mathebula Counsillor M.M. Mathekga Councillor T.L. Matita Councillor N.G. Maunatlala Councillor M.F. Mbhalati Councillor T.J. Mcclintock Councillor D.G. Mkhabele (MPAC Chairperson) Councillor M.F. Mochabela Councillor F.T. Mohlaba Councillor S.N. Mohonone Councillor M.J. Makgoloboto Councillor M.C. Morwatshehla Councillor T. Mpenyana Councillor N.G. Mukansi Councillor T.H. Mushwana Councillor E.T. Ngobeni Councillor S.E. Ngobeni Councillor J.L. Ngobeni Councillor M.C. Nkwashu Councillor N. Nkwashu Councillor M.E. Phakula Councillor R.E. Pohl Councillor M.L Pudikabekwa Councillor M.S. Rakganya Councillor P.J. Ramodipa Councillor S.B. Ramoshaba Councillor M.O. Raolane Councillor K.I. Rapatsa Councillor R.S. Rapitsi Councillor J.M. Ratopola Councillor C.T. Shisinga Councillor O. Sithole Councillor N.H. Zandamela Councillor M.R. Rikhotso Councillor P.P. Machethe
Grading of local authority	Grade 4: High Capacity
Chief Finance Officer (CFO)	Mikateko Palesa Makhubela

General Information

Accounting Officer	Bartholomew Serapelo Matlala
Registered office	38 Agatha Street Civic Center Tzaneen 0850
Business address	38 Agatha Street Civic Center Tzaneen 0850
Postal address	PO Box 24 Tzaneen 0850
Bankers	ABSA
Website address	www.tzaneen.gov.za
Audit committee	S.A.B. Ngobeni (Chairperson) J.M. Mabuza N.T. Mabunda J.M. Mofokeng N.S. Hoaeane
Level of rounding	Rounding to the nearest Rand
Auditor	Auditor General of South Africa (AGSA) Polokwane Office Telephone number: 015 283 9338

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DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
GTEDA	Greater Tzaneen Economic Development Agency
RAL	Roads Agency Limpopo
VAT	Value Added Tax

Accounting Officer's Responsibilities and Approval

The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the consolidated financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the consolidated financial statements fairly present the state of affairs of the Municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the consolidated financial statements and will be given unrestricted access to all financial records and related data.

The consolidated financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The consolidated financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the Municipality and place considerable importance on maintaining a strong control environment. To enable the Accounting Officer to meet these responsibilities, the Accounting Officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Municipality and all employees are required to maintain the highest ethical standards in ensuring the Municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Municipality is on identifying, assessing, managing and monitoring all known forms of risk across the Municipality. While operating risk cannot be fully eliminated, the Municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

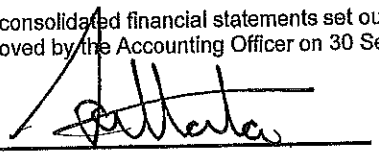
The Accounting Officer is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Officer has reviewed the Municipality's consolidated cash flow forecast for the year to 30 June 2020 and, in the light of this review and the current financial position, he is satisfied that the Municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The consolidated financial statements are prepared on the basis that the Municipality is a going concern and that the Greater Tzaneen Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the Municipality.

Although the Accounting Officer is primarily responsible for the financial affairs of the Municipality, the Municipality's external auditors are responsible for expressing an opinion on the financial statements.

The consolidated financial statements set out on pages 7 to 135, which have been prepared on the going concern basis, were approved by the Accounting Officer on 30 September 2019 and were signed on its behalf by:



B.S Matlala
Municipal Manager

Accounting Officer's Report

The Accounting Officer submits his report for the year ended 30 June 2019.

1. Introduction

Main business and operations

The Greater Tzaneen Municipality is situated in the eastern quadrant of the Limpopo Province within the Mopani District Municipality Area of Jurisdiction. It comprises a land area of approximately 3240 km, and extends from Haenertsburg in the West, to Rubbervale in the East, and just South of Modjadjiskloof in the North, to Trichardtsdal in the South.

The long-term goal of Greater Tzaneen Municipality is to ensure that the Municipality is financially sustainable, to stimulate economic growth and to improve the quality of life of all residents in the area of jurisdiction.

To achieve these goals, Council approved the 2018/2019 Budget on 25 May 2018. The Budget, which is informed by the service delivery needs of the community as captured in the Municipality's Integrated Development Plan, demonstrates the Municipality's commitment to improve efforts to limit non-priority spending and direct spending towards the Municipality's Electricity Network. The objectives of combatting electricity service interruptions are high on the Municipality's agenda and the short-term objectives are:

- The upgrading of the Municipality's Electricity Network to ensure the provision of an uninterrupted electricity service.
- Data cleaning and improvement of the Municipality's Revenue Collection.
- A strong administration to ensure a stable working environment through which future development can be established.

The 2018/2019 Budget of the Municipality was amended by means of the following two Adjustment Budgets through the year:

- Adjustment Budget approved by the Council on the 27 February 2019.
- Adjustment Budget approved by the Council on 27 June 2019 to accomodate the SETA grant.

2. Operational responsibility

It is the responsibility of the Municipality to present the statement of financial position, statement of financial performance and cash flow statement for the year ended 30 June 2019 in accordance with applicable legislation which includes the standards of GRAP.

In an attempt to obtain a clean audit opinion for the 2018/2019 financial year the Municipality has institutionalised the concept of operation clean audit (OPCA) to the extent that weekly meetings are held by the Municipality's Audit Steering Committee to address previous audit findings and year-end activities.

3. Review of operating results

This review highlights the Municipality's performance for the past year but does not in any way attempt to provide detail of the performance. Full details appear in the annual financial statements.

Overview of the Municipality's results:

The Municipality's overall actual operating results against the corresponding approved budget figures are scheduled in Appendix E1 of the annual financial statements.

Statement of Financial Performance

The Statement of Financial Performance reflects a summary of income and expenditure items, while the segmental operating results per service are shown in appendix D of the annual financial statements. Over the past financial year the operating revenue increased from R 1 123 699 191 to R 1 140 473 287 while the operating expenditure decreased from R 1 198 185 325 to R 1 216 395 659.

With regards to expenditure management the cost containment measures approved by cabinet on 23 October 2013 has been annually updated from 2014/2015 through the budget process and are being complied with.

The actual expenditure amounts to R 1 216 395 659 compared to the budgeted amount of R 1 192 527 125. The overspending is largely due to overspending on the following votes:
- Provision for bad debt
- Roads transferred to RAL
- Legal fees.

Accounting Officer's Report

The expenditue amount includes R 299 024 391 for salaries, R 42 367 400 for repairs and maintenance and R 348 443 869 for the purchase of bulk electricity.

The Municipality reported a net consolidated operating deficit of R (78 123 979) for the financial year under review, (2018: R (89 406 195)).

The main revenue sources of the Municipality are:
- Property rates;
- Service charges and
- Government grants and subsidies.

Whilst the highest expenditure items are:
- Employee related costs;
- Bulk purchases;
- Debt impairment;
- Depreciation and amortisation;
- Repairs and maintenance;
- Contracted services;
- Transfers and subsidies paid.

Statement of Financial Position

Council has embarked on implementing a range of revenue collecting strategies to optimise the collection of debt owed by consumers. The outstanding consumer debtors as at 30 June 2019 amounts to R 470 918 091 (2018: R 426 306 198) of which R 378 309 020 (2018: R 290 964 814) were impaired. Indigent debtors to the amount of R - (2018: R 9 978 766) have been written off as uncollectable. The total provision for impairment amounts to R 378 309 020 (2018: R 290 964 814).

Unspent conditional grants and receipts increased from R 2 924 848 in the previous financial year to R 5 083 273 in the current financial year with a 99.80% spending on the Municipal Infrastructure Grant.

The outstanding loans which have been taken-up to finance capital projects amount to R 132 315 414 (2018: R 102 042 370) and the detail of this amount is contained in Note 13 and Appendix A.

4. Going concern

The consolidated financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the Municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the Accounting Officer continue to procure funding for the ongoing operations for the Municipality.

5. Subsequent events

The Accounting Officer is not aware of any matter or circumstance arising since the end of the financial year.

6. Accounting Officer

Name	Nationality
BS Matlala	South African

7. Auditors

Auditor General of South Africa will continue in office for the next financial period.

Statement of Financial Position as at 30 June 2019

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2019	2018 Restated*	2019	2018 Restated*
Assets					
Current Assets					
Inventories	3	18 162 335	19 164 420	18 162 335	19 164 420
Other financial assets	4	2 177 646	2 447 887	2 177 646	2 447 887
Operating lease asset	5.2	152 382	173 357	152 382	173 357
Receivables from exchange transactions	6	259 359 145	233 089 314	259 352 675	233 083 995
Receivables from non-exchange transactions	5.1	37 553 080	43 961 106	36 833 080	43 961 106
Consumer debtors	7	92 609 071	135 341 384	92 609 071	135 341 384
Cash and cash equivalents	8	42 128 293	8 056 255	42 033 011	7 490 665
		452 141 952	**442 233 723**	**451 320 200**	**441 662 814**
Non-Current Assets					
Investment property	9	181 377 053	181 377 053	181 377 053	181 377 053
Property, plant and equipment	10	1 455 343 521	1 486 460 143	1 455 227 822	1 486 313 522
Intangible assets	11	1 135 137	1 606 954	1 135 137	1 603 468
Heritage assets	12	195 000	195 000	195 000	195 000
Other financial assets	4	31 525 083	26 887 399	31 525 083	26 887 399
		1 669 575 794	**1 696 526 549**	**1 669 460 095**	**1 696 376 442**
Total Assets		**2 121 717 746**	**2 138 760 272**	**2 120 780 295**	**2 138 039 256**
Liabilities					
Current Liabilities					
Other financial liabilities	13	21 670 248	9 585 798	21 670 248	9 585 798
Finance lease obligation	14	2 978 540	824 306	2 978 540	824 306
Payables from exchange transactions	15	229 456 493	209 178 633	228 765 997	209 004 273
VAT payable	16	46 813 943	42 373 166	39 960 827	36 353 082
Consumer deposits	17	27 068 007	26 858 463	27 068 007	26 858 463
Unspent conditional grants and receipts	18	5 083 273	2 924 848	5 083 273	2 924 848
Provisions	19	948 670	445 724	948 670	445 724
		334 019 174	**292 190 938**	**326 475 562**	**285 996 494**
Non-Current Liabilities					
Other financial liabilities	13	110 645 166	92 456 572	110 645 166	92 456 572
Finance lease obligation	14	3 551 484	602 667	3 551 484	602 667
Employee benefit obligation	20	81 474 678	83 821 523	81 474 678	83 821 523
Provisions	19	5 089 171	4 626 520	5 089 171	4 626 520
		200 760 499	**181 507 282**	**200 760 499**	**181 507 282**
Total Liabilities		**534 779 673**	**473 698 220**	**527 236 061**	**467 503 776**
Net Assets		**1 586 938 073**	**1 665 062 052**	**1 593 544 234**	**1 670 535 480**
Accumulated surplus		1 586 938 073	1 665 062 052	1 593 544 234	1 670 535 480

* See Note 61

Statement of Financial Performance

Figures in Rand	Note(s)	Economic entity 2019	Economic entity 2018 Restated*	Controlling entity 2019	Controlling entity 2018 Restated*
Revenue					
Revenue from exchange transactions					
Service charges	21	486 036 172	485 060 405	486 036 172	485 060 405
Rental of facilities and equipment		2 132 853	1 781 896	2 132 853	1 781 896
Interest received (trading)	54	17 826 053	18 395 501	17 826 053	18 395 501
Agency services		9 254 073	7 988 116	9 254 073	7 988 116
Licences and permits		1 020 674	1 005 867	1 020 674	1 005 867
Other income	22	27 601 807	30 768 310	27 601 807	30 768 310
Interest received - investment	54	9 635 572	4 477 920	9 615 814	4 427 275
Total revenue from exchange transactions		**553 507 204**	**549 478 015**	**553 487 446**	**549 427 370**
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	23	109 160 412	99 289 523	109 160 412	99 289 523
Property rates - penalties imposed	23	10 022 809	8 203 616	10 022 809	8 203 616
Transfer revenue					
Government grants & subsidies	24	432 583 934	428 692 119	432 583 934	428 692 119
Discretionary grant - SETA		2 681 114	-	-	-
Public contributions and donations	25 & 57	110 987	49 272	110 987	49 272
Fines, penalties and forfeits	55	32 189 439	37 986 646	32 189 439	37 986 646
Project management fee		217 388	-	-	-
Total revenue from non-exchange transactions		**586 966 083**	**574 221 176**	**584 067 581**	**574 221 176**
Total revenue	26	**1 140 473 287**	**1 123 699 191**	**1 137 555 027**	**1 123 648 546**
Expenditure					
Employee related costs	27	299 024 391	285 057 090	295 232 455	282 016 266
Remuneration of councillors	28	27 050 526	25 383 568	26 136 302	24 432 412
Depreciation and amortisation	58	127 793 108	127 696 818	127 724 087	127 654 038
Impairment loss/ reversal of impairments	30	4 399 272	2 839 900	4 399 272	2 839 900
Finance costs	31	11 973 760	11 974 269	11 973 760	11 974 269
Debt impairment	59	132 298 457	116 939 752	132 298 457	116 939 752
Collection costs		600 321	1 770 028	600 321	1 770 028
Repairs and maintenance	32	42 367 400	45 099 414	42 157 906	44 932 114
Bulk purchases	33	348 443 869	325 455 993	348 443 869	325 455 993
Contracted services	34	51 435 443	48 050 548	51 435 443	48 050 548
Transfers and subsidies	35	50 297 361	112 420 696	50 297 361	112 420 696
General expenses	36	120 711 751	95 497 249	121 645 433	97 670 339
Total expenditure		**1 216 395 659**	**1 198 185 325**	**1 212 344 666**	**1 196 156 355**
Operating deficit		**(75 922 372)**	**(74 486 134)**	**(74 789 639)**	**(72 507 809)**
Loss on disposal/ write off of property, plant and equipment	56	(2 201 607)	(25 924 361)	(2 201 607)	(25 924 361)
Fair value adjustments	53	-	11 004 300	-	11 004 300
		(2 201 607)	**(14 920 061)**	**(2 201 607)**	**(14 920 061)**
Deficit for the year		**(78 123 979)**	**(89 406 195)**	**(76 991 246)**	**(87 427 870)**

* See Note 61

Statement of Changes in Net Assets

Figures in Rand	Note	Accumulated surplus	Total net assets
Economic entity			
Opening balance as previously reported		1 793 005 212	1 793 005 212
Adjustments			
Prior year adjustments	61	(38 536 965)	(38 536 965)
Balance at 01 July 2017 as restated*		**1 754 468 247**	**1 754 468 247**
Changes in net assets			
Surplus for the year		(89 406 195)	(89 406 195)
Total changes		(89 406 195)	(89 406 195)
Opening balance as previously reported		1 707 827 102	1 707 827 102
Adjustments			
Prior year adjustments		(42 765 050)	(42 765 050)
Restated* Balance at 01 July 2018 as restated*		**1 665 062 052**	**1 665 062 052**
Changes in net assets			
Surplus for the year		(78 123 979)	(78 123 979)
Total changes		(78 123 979)	(78 123 979)
Balance at 30 June 2019		**1 586 938 073**	**1 586 938 073**
Note(s)			
Controlling entity			
Opening balance as previously reported		1 793 822 770	1 793 822 770
Adjustments			
Prior year adjustments	61	(35 859 420)	(35 859 420)
Balance at 01 July 2017 as restated*		**1 757 963 350**	**1 757 963 350**
Changes in net assets			
Surplus for the year		(87 427 870)	(87 427 870)
Total changes		(87 427 870)	(87 427 870)
Opening balance as previously reported		1 709 548 092	1 709 548 092
Adjustments			
Prior year adjustments	61	(39 012 612)	(39 012 612)
Restated* Balance at 01 July 2018 as restated*		**1 670 535 480**	**1 670 535 480**
Changes in net assets			
Surplus for the year		(76 991 246)	(76 991 246)
Total changes		(76 991 246)	(76 991 246)
Balance at 30 June 2019		**1 593 544 234**	**1 593 544 234**
Note(s)			

* See Note 61

Cash Flow Statement

Figures in Rand	Note(s)	Economic entity 2019	Economic entity 2018 Restated*	Controlling entity 2019	Controlling entity 2018 Restated*
Cash flows from operating activities					
Receipts					
Taxation		89 038 362	79 408 159	89 038 362	79 408 159
Sale of goods and services		590 478 974	512 383 859	590 480 124	512 354 866
Grants		476 349 313	483 813 001	474 170 811	485 586 603
Interest income	54	9 635 572	4 477 920	9 615 814	4 427 275
		1 165 502 221	1 080 082 939	1 163 305 111	1 081 776 903
Payments					
Employee costs		(328 421 765)	(310 842 238)	(323 715 602)	(306 850 259)
Suppliers		(719 237 761)	(711 029 349)	(721 311 118)	(716 682 393)
Finance costs	31	(10 961 350)	(11 107 653)	(10 961 350)	(11 107 653)
Transfer of property, plant and equipment (non-cash item)	10	64 509 821	75 728 464	64 509 821	75 728 464
		(994 111 055)	(957 250 776)	(991 478 249)	(958 911 841)
Net cash flows from operating activities	37	**171 391 166**	**122 832 163**	**171 826 862**	**122 865 062**
Cash flows from investing activities					
Purchase of property, plant and equipment	10	(167 837 322)	(125 493 427)	(167 802 710)	(125 380 561)
Proceeds from sale of property, plant and equipment	10	676 890	2 691 366	676 890	2 691 366
Sale of investment property	9	-	570 000	-	570 000
Purchase of other intangible assets	11	(154 938)	(1 150 797)	(154 938)	(1 150 797)
Increase from sale of financial assets		(4 367 443)	(1 491 920)	(4 367 443)	(1 491 921)
Net cash flows from investing activities		**(171 682 813)**	**(124 874 778)**	**(171 648 201)**	**(124 761 913)**
Cash flows from financing activities					
Additions/(Repayment) of other financial liabilities		30 273 044	(17 694 873)	30 273 044	(17 694 872)
Additions/(Repayments) of finance leases		4 090 641	(4 756 776)	4 090 641	(4 756 775)
Net cash flows from financing activities		**34 363 685**	**(22 451 649)**	**34 363 685**	**(22 451 647)**
Net increase/(decrease) in cash and cash equivalents		**34 072 038**	**(24 494 264)**	**34 542 346**	**(24 348 498)**
Cash and cash equivalents at the beginning of the year		8 056 255	32 550 519	7 490 665	31 839 163
Cash and cash equivalents at the end of the year	8	**42 128 293**	**8 056 255**	**42 033 011**	**7 490 665**

* See Note 61

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Economic entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	534 933 000	-	**534 933 000**	486 036 172	**(48 896 828)**	Note 52
Rental of facilities and equipment	1 772 100	-	**1 772 100**	2 132 853	**360 753**	Note 52
Interest received - outstanding receivables	17 000 000	-	**17 000 000**	17 826 053	**826 053**	Note 52
Income from agency services	51 164 291	-	**51 164 291**	9 254 073	**(41 910 218)**	Note 52
Licences and permits	771 000	-	**771 000**	1 020 674	**249 674**	Note 52
Other income	12 235 046	(500 000)	**11 735 046**	27 601 807	**15 866 761**	Note 52
Interest received - external investment	3 801 000	-	**3 801 000**	9 635 572	**5 834 572**	Note 52
Total revenue from exchange transactions	**621 676 437**	**(500 000)**	**621 176 437**	**553 507 204**	**(67 669 233)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	87 000 000	-	**87 000 000**	109 160 412	**22 160 412**	Note 52
Property rates - penalties imposed	6 800 000	-	**6 800 000**	10 022 809	**3 222 809**	Note 52
Transfer revenue						
Government grants & subsidies	454 310 000	636 404	**454 946 404**	432 583 934	**(22 362 470)**	Note 52
Income received from SETA (Conditional Grant)	-	-	**-**	2 681 114	**2 681 114**	Note 52
Public contributions and donations	-	-	**-**	110 987	**110 987**	Note 52
Fines	4 501 136	-	**4 501 136**	32 189 439	**27 688 303**	Note 52
Administration and project management costs from SETA	-	-	**-**	217 388	**217 388**	Note 52
Total revenue from non-exchange transactions	**552 611 136**	**636 404**	**553 247 540**	**586 966 083**	**33 718 543**	
Total revenue	**1 174 287 573**	**136 404**	**1 174 423 977**	**1 140 473 287**	**(33 950 690)**	
Expenditure						
Employee cost	(346 515 291)	(410 437)	**(346 925 728)**	(299 024 391)	**47 901 337**	Note 52
Remuneration of councillors	(28 202 323)	(380 000)	**(28 582 323)**	(27 050 526)	**1 531 797**	Note 52
Depreciation and amortisation	(133 550 583)	-	**(133 550 583)**	(127 793 108)	**5 757 475**	Note 52
Impairment loss/ Reversal of impairments	-	-	**-**	(4 399 272)	**(4 399 272)**	Note 52
Finance costs	(26 448 557)	-	**(26 448 557)**	(11 973 760)	**14 474 797**	Note 52
Lease rentals on operating lease	(310 682)	(42 000)	**(352 682)**	-	**352 682**	Note 52
Debt Impairment	(29 400 000)	-	**(29 400 000)**	(132 298 457)	**(102 898 457)**	Note 52
Collection costs	(1 368 243)	(165 000)	**(1 533 243)**	(600 321)	**932 922**	Note 52
Repairs and maintenance	(51 349 902)	(9 881 407)	**(61 231 309)**	(42 367 400)	**18 863 909**	Note 52
Bulk purchases	(340 000 000)	-	**(340 000 000)**	(348 443 869)	**(8 443 869)**	Note 52
Contracted Services	(54 066 372)	(3 000 000)	**(57 066 372)**	(51 435 443)	**5 630 929**	Note 52
Transfers and Subsidies	(30 804 673)	(636 404)	**(31 441 077)**	(50 297 361)	**(18 856 284)**	Note 52
General Expenses	(126 631 541)	(9 363 710)	**(135 995 251)**	(120 711 751)	**15 283 500**	Note 52

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Total expenditure	**(1 168 648 167)**	**(23 878 958)**	**(1 192 527 125)**	**(1 216 395 659)**	**(23 868 534)**	
Operating deficit	**5 639 406**	**(23 742 554)**	**(18 103 148)**	**(75 922 372)**	**(57 819 224)**	
Gain (Loss) on disposal of assets	2 500 000	-	**2 500 000**	(2 201 607)	**(4 701 607)**	Note 52
Deficit before taxation	**8 139 406**	**(23 742 554)**	**(15 603 148)**	**(78 123 979)**	**(62 520 831)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**8 139 406**	**(23 742 554)**	**(15 603 148)**	**(78 123 979)**	**(62 520 831)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Controlling entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	534 933 000	-	**534 933 000**	486 036 172	**(48 896 828)**	Note 52
Rental of facilities and equipment	1 772 100	-	**1 772 100**	2 132 853	**360 753**	Note 52
Interest received - outstanding receivables	17 000 000	-	**17 000 000**	17 826 053	**826 053**	
Income from agency services	51 164 291	-	**51 164 291**	9 254 073	**(41 910 218)**	Note 52
Licences and permits	771 000	-	**771 000**	1 020 674	**249 674**	Note 52
Other income	12 235 046	(500 000)	**11 735 046**	27 601 807	**15 866 761**	Note 52
Interest received - external investment	3 801 000	-	**3 801 000**	9 615 814	**5 814 814**	Note 52
Total revenue from exchange transactions	**621 676 437**	**(500 000)**	**621 176 437**	**553 487 446**	**(67 688 991)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	87 000 000	-	**87 000 000**	109 160 412	**22 160 412**	Note 52
Property rates - penalties imposed	6 800 000	-	**6 800 000**	10 022 809	**3 222 809**	Note 52
Transfer revenue						
Government grants and subsidies	454 310 000	636 404	**454 946 404**	432 583 934	**(22 362 470)**	Note 52
Public contributions and donations	-	-	**-**	110 987	**110 987**	Note 52
Fines	4 501 136	-	**4 501 136**	32 189 439	**27 688 303**	Note 52
Total revenue from non-exchange transactions	**552 611 136**	**636 404**	**553 247 540**	**584 067 581**	**30 820 041**	
Total revenue	**1 174 287 573**	**136 404**	**1 174 423 977**	**1 137 555 027**	**(36 868 950)**	
Expenditure						
Employee cost	(343 017 085)	-	**(343 017 085)**	(295 232 455)	**47 784 630**	Note 52
Remuneration of councillors	(27 425 152)	-	**(27 425 152)**	(26 136 302)	**1 288 850**	
Depreciation and amortisation	(133 475 496)	-	**(133 475 496)**	(127 724 087)	**5 751 409**	
Impairment loss/ Reversal of impairments	-	-	**-**	(4 399 272)	**(4 399 272)**	Note 52
Finance costs	(26 448 557)	-	**(26 448 557)**	(11 973 760)	**14 474 797**	Note 52
Debt impairment	(29 400 000)	-	**(29 400 000)**	(132 298 457)	**(102 898 457)**	Note 52
Collection costs	(1 200 000)	-	**(1 200 000)**	(600 321)	**599 679**	Note 52
Repairs and maintenance	(51 180 125)	(9 801 407)	**(60 981 532)**	(42 157 906)	**18 823 626**	Note 52
Bulk purchases	(340 000 000)	-	**(340 000 000)**	(348 443 869)	**(8 443 869)**	
Contracted services	(54 066 372)	(3 000 000)	**(57 066 372)**	(51 435 443)	**5 630 929**	
Grants and subsidies paid	(30 804 673)	(636 404)	**(31 441 077)**	(50 297 361)	**(18 856 284)**	Note 52
General Expenses	(125 453 662)	(8 867 088)	**(134 320 750)**	(121 645 433)	**12 675 317**	Note 52
Total expenditure	**(1 162 471 122)**	**(22 304 899)**	**(1 184 776 021)**	**(1 212 344 666)**	**(27 568 645)**	
Operating deficit	**11 816 451**	**(22 168 495)**	**(10 352 044)**	**(74 789 639)**	**(64 437 595)**	
Gain (Loss) on disposal of assets	2 500 000	-	**2 500 000**	(2 201 607)	**(4 701 607)**	Note 52
Deficit before taxation	**14 316 451**	**(22 168 495)**	**(7 852 044)**	**(76 991 246)**	**(69 139 202)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**14 316 451**	**(22 168 495)**	**(7 852 044)**	**(76 991 246)**	**(69 139 202)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Controlling entity						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	16 265 405	-	**16 265 405**	18 162 335	**1 896 930**	Note 52
Other financial assets	3 267 978	-	**3 267 978**	2 177 646	**(1 090 332)**	Note 52
Operating lease asset	140 962	-	**140 962**	152 382	**11 420**	Note 52
Receivables from exchange transactions	150 599 800	-	**150 599 800**	259 352 675	**108 752 875**	Note 52
Receivables from non-exchange transactions	74 626 631	-	**74 626 631**	36 833 080	**(37 793 551)**	Note 52
Consumer debtors	109 186 535	-	**109 186 535**	92 609 071	**(16 577 464)**	Note 52
Cash and cash equivalents	11 457 490	(4 786 921)	**6 670 569**	42 033 011	**35 362 442**	Note 52
	365 544 801	**(4 786 921)**	**360 757 880**	**451 320 200**	**90 562 320**	
Non-Current Assets						
Investment property	203 900 753	-	**203 900 753**	181 377 053	**(22 523 700)**	Note 52
Property, plant and equipment	1 768 059 957	(50 000 000)	**1 718 059 957**	1 455 227 822	**(262 832 135)**	Note 52
Intangible assets	810 118	-	**810 118**	1 135 137	**325 019**	Note 52
Heritage assets	-	-	**-**	195 000	**195 000**	Note 52
Other financial assets	45 348 941	-	**45 348 941**	31 525 083	**(13 823 858)**	Note 52
	2 018 119 769	**(50 000 000)**	**1 968 119 769**	**1 669 460 095**	**(298 659 674)**	
Total Assets	**2 383 664 570**	**(54 786 921)**	**2 328 877 649**	**2 120 780 295**	**(208 097 354)**	
Liabilities						
Current Liabilities						
Other financial liabilities	10 766 611	-	**10 766 611**	21 670 248	**10 903 637**	Note 52
Finance lease obligation	-	-	**-**	2 978 540	**2 978 540**	Note 52
Payables from exchange transactions	177 604 332	-	**177 604 332**	228 765 997	**51 161 665**	Note 52
VAT payable	34 473 369	-	**34 473 369**	39 960 827	**5 487 458**	Note 52
Consumer deposits	25 529 385	-	**25 529 385**	27 068 007	**1 538 622**	
Unspent conditional grants and receipts	1 415 052	-	**1 415 052**	5 083 273	**3 668 221**	Note 52
Provisions	681 902	-	**681 902**	948 670	**266 768**	Note 52
	250 470 651	**-**	**250 470 651**	**326 475 562**	**76 004 911**	
Non-Current Liabilities						
Other financial liabilities	172 594 016	(50 000 000)	**122 594 016**	110 645 166	**(11 948 850)**	Note 52
Finance lease obligation	14 634 000	-	**14 634 000**	3 551 484	**(11 082 516)**	Note 52
Employee benefit obligation	80 653 144	-	**80 653 144**	81 474 678	**821 534**	Note 52
Provisions	5 089 172	-	**5 089 172**	5 089 171	**(1)**	
	272 970 332	**(50 000 000)**	**222 970 332**	**200 760 499**	**(22 209 833)**	
Total Liabilities	**523 440 983**	**(50 000 000)**	**473 440 983**	**527 236 061**	**53 795 078**	
Net Assets	**1 860 223 587**	**(4 786 921)**	**1 855 436 666**	**1 593 544 234**	**(261 892 432)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	1 860 223 587	(4 786 921)	**1 855 436 666**	1 593 544 234	**(261 892 432)**	Note 52

NOTE:
GTEDA did not buget for items in the Statement of Financial Performance.

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Controlling entity						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Taxation revenue	93 800 000	-	**93 800 000**	89 038 362	**(4 761 638)**	
Sale of goods and services	606 476 573	(500 000)	**605 976 573**	590 480 124	**(15 496 449)**	
Grants	454 310 000	636 404	**454 946 404**	474 170 811	**19 224 407**	
Interest income	20 801 000	-	**20 801 000**	9 615 814	**(11 185 186)**	Note 52
	1 175 387 573	**136 404**	**1 175 523 977**	**1 163 305 111**	**(12 218 866)**	
Payments						
Employee costs	(343 017 085)	-	**(343 017 085)**	(323 715 602)	**19 301 483**	
Suppliers	(689 978 983)	(636 404)	**(690 615 387)**	(721 311 118)	**(30 695 731)**	
Finance costs	(24 448 557)	-	**(24 448 557)**	(10 961 350)	**13 487 207**	Note 52
Transfer of property, plant and equipment	-	-	**-**	64 509 821	**64 509 821**	Note 52
	(1 057 444 625)	**(636 404)**	**(1 058 081 029)**	**(991 478 249)**	**66 602 780**	
Net cash flows from operating activities	**117 942 948**	**(500 000)**	**117 442 948**	**171 826 862**	**54 383 914**	
Cash flows from investing activities						
Additions to property, plant and equipment	(195 199 250)	50 000 000	**(145 199 250)**	(167 802 710)	**(22 603 460)**	Note 52
Proceeds on disposal of property, plant and equipment	2 500 000	-	**2 500 000**	676 890	**(1 823 110)**	Note 52
Purchase of other intangible assets	-	-	**-**	(154 938)	**(154 938)**	Note 52
Increase in financial assets	(5 073 000)	-	**(5 073 000)**	(4 367 443)	**705 557**	Note 52
Net cash flows from investing activities	**(197 772 250)**	**50 000 000**	**(147 772 250)**	**(171 648 201)**	**(23 875 951)**	
Cash flows from financing activities						
Long term liabilities	90 000 000	(50 000 000)	**40 000 000**	40 000 000	**-**	
Repayment of other financial liabilities	(9 556 844)	-	**(9 556 844)**	(9 726 956)	**(170 112)**	
Finance lease payments	(1 500 000)	-	**(1 500 000)**	4 090 641	**5 590 641**	
Net cash flows from financing activities	**78 943 156**	**(50 000 000)**	**28 943 156**	**34 363 685**	**5 420 529**	
Net increase/(decrease) in cash and cash equivalents	(886 146)	(500 000)	**(1 386 146)**	34 542 346	**35 928 492**	
Cash and cash equivalents at the beginning of the year	12 342 983	(4 286 921)	**8 056 062**	7 490 665	**(565 397)**	
Cash and cash equivalents at the end of the year	**11 456 837**	**(4 786 921)**	**6 669 916**	**42 033 011**	**35 363 095**	

NOTE:
GTEDA did not buget for items in the Cash Flow Statement.

Notes to the Financial Statements: Accounting Policies

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These consolidated financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these consolidated financial statements, are disclosed below.

1.1 Presentation currency

These consolidated financial statements are presented in South African Rand, which is the functional currency of the Municipality.

1.2 Rounding

All financial figures have been rounded off to the nearest Rand.

1.3 Going concern assumption

These consolidated financial statements have been prepared based on the expectation that the Municipality will continue to operate as a going concern for at least the next 12 months.

1.4 Consolidation

Basis of consolidation

Consolidated financial statements are the consolidated financial statements of the economic entity presented as those of a single entity.

Consolidated financial statements incorporate the consolidated financial statements of the controlling entity and all controlled entity, including special purpose entities, which are controlled by the controlling entity.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Control exists when the controlling entity has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities.

The revenue and expenses of a controlled entity are included in the consolidated financial statements from the transfer date or acquisition date as defined in the Standards of GRAP on Transfer of functions between entities under common control or Transfer of functions between entities not under common control. The revenue and expenses of the controlled entity are based on the values of the assets and liabilities recognised in the controlling entity's consolidated financial statements at the acquisition date.

The consolidated financial statements of the controlling entity and its controlled entities used in the preparation of the consolidated financial statements are prepared as of the same date.

When the end of the reporting dates of the controlling entity is different from that of a controlled entity, the controlled entity prepares, for consolidation purposes, additional consolidated financial statements as of the same date as the consolidated financial statements of the controlling entity unless it is impracticable to do so. When the consolidated financial statements of a controlled entity used in the preparation of consolidated financial statements are prepared as of a date different from that of the controlling entity, adjustments are made for the effects of significant transactions or events that occur between that date and the date of the controlling entity's consolidated financial statements. In any case, the difference between the end of the reporting date of the controlled entity and that of the controlling entity is no more than three months. The length of the reporting periods and any difference between the ends of the reporting dates is the same from period to period.

Notes to the Financial Statements: Accounting Policies

1.4 Consolidation (continued)

Adjustments are made when necessary to the consolidated financial statements of the controlled entities to bring their accounting policies in line with those of the controlling entity.

All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation.

Non-controlling interest in the net assets of the economic entity are identified and recognised separately from the controlling entity's interest therein, and are recognised within net assets.

Changes in a controlling entity's ownership interest in a controlled entity that do not result in a loss of control are accounted for as transactions that affect net assets.

A Special purpose entity is consolidated when the substance of the relationship between the economic entity and the Special purpose entity indicates that the Special purpose entity is controlled by the economic entity.

1.5 Significant judgements and sources of estimation uncertainty

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated financial statements. Significant judgements include:

Trade receivables and loans and receivables

The Municipality assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Municipality for similar financial instruments.

Subsequent to initial measurement, investment property is measured at fair value. The fair value of investment property reflects market conditions at the reporting date, determined by the external valuator.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The Municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates, supply demand, together with economic factors such as inflation interest and economic conditions.

Notes to the Financial Statements: Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 19 - Provisions.

Post-retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 20.

Effective interest rate

The Municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.6 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

1.6 Investment property (continued)

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Derecognition

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefit or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.7 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the Municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Notes to the Financial Statements: Accounting Policies

1.7 Property, plant and equipment (continued)

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Notes to the Financial Statements: Accounting Policies

1.7 Property, plant and equipment (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life in years
Infrastructure	Straight line	
• Roads and paving		10 -30
• Pedestrian malls		20
• Electricity		10 - 30
• Water		15-20
• Sewage		15-20
• Housing		30
Community	Straight line	
• Improvements		30
• Recreational facilities		20
• Security		3 - 5
Other assets	Straight line	
• Buildings		30
• Specialist vehicles		20
• Other vehicles		5 - 7
• Office equipment		3-5
• Furniture and fittings		7-10
• Watercraft		15
• Bins and containers		5-10
• Specialised plant and equipment		5-15
• Other items of plant and equipment		5

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the Municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The Municipality assesses at each reporting date whether there is any indication that the Municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the Municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the economic entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The Municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note).

Notes to the Financial Statements: Accounting Policies

1.7 Property, plant and equipment (continued)

The Municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

1.8 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality; and
- the cost or fair value of the asset can be measured reliably.

The Municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, other	3-5 years

The Municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

Derecognition

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.9 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations. No asset lives are allocated.

Recognition

The Municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

1.9 Heritage assets (continued)

Initial measurement

Heritage assets are measured at cost.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

The Municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the Municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Derecognition

The Municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Notes to the Financial Statements: Accounting Policies

1.10 Financial instruments (continued)

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Consumer debtors	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Other financial assets	Financial asset measured at fair value

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Other financial liabilities	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost

Initial recognition

The Municipality recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a Municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Notes to the Financial Statements: Accounting Policies

1.10 Financial instruments (continued)

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or

1.10 Financial instruments (continued)

- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.10 Financial instruments (continued)

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are recognised by the entity directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.11 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the Municipality's incremental borrowing rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Notes to the Financial Statements: Accounting Policies

1.11 Leases (continued)

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.12 Inventories

Consumable and stands inventories consist of work in progress, consumables and finished goods. Inventory is measured at lower of cost, or net realisable value. Where it is held for distribution or consumption at no charge or for a nominal amount, inventories are valued at cost.

The cost of consumable inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Redundant and slow moving inventories are identified and written down with regard to their cost. Consumables are written down according to their age, condition and utility.

Stands available for sale during the next 12 months are recognised as inventory.

1.13 Impairment of cash-generating assets

Cash-generating assets are those assets held by the Municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The Municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the Municipality estimates the recoverable amount of the asset.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the Municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the Municipality applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the Municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Notes to the Financial Statements: Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the economic entity expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the Municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the Municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

Notes to the Financial Statements: Accounting Policies

1.13 Impairment of cash-generating assets (continued)

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

The Municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.14 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The Municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the Municipality estimates the recoverable service amount of the asset.

Notes to the Financial Statements: Accounting Policies

1.14 Impairment of non-cash-generating assets (continued)

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the Municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the Municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The Municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Notes to the Financial Statements: Accounting Policies

1.14 Impairment of non-cash-generating assets (continued)

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.15 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an Municipality after deducting all of its liabilities.

1.16 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employee render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employee render the related service.

Post-employment benefits

Post-employment benefits are benefits (other than termination benefits) which a municipality pays fixed contributions into a separate municipality (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to the employee services in the current and prior periods

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

Notes to the Financial Statements: Accounting Policies

1.16 Employee benefits (continued)

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.17 Provisions and contingencies

Provisions are recognised when:

- the Municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 40.

1.18 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.19 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Notes to the Financial Statements: Accounting Policies

1.20 Revenue from non-exchange transactions (continued)

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the Municipality.

Where the Municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the Municipality, and the fair value of the assets can be measured reliably.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably.

1.21 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.22 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.23 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.24 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.25 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26 Departmental information

Departmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendixes C and D. The Municipality operates solely in its area of jurisdiction as determined by the Demarcation Board.

Notes to the Financial Statements: Accounting Policies

1.26 Departmental information (continued)

Departmental information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

1.27 Budget information

Economic Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by Municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2018-07-01 to 2019-06-30.

The consolidated financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Comparative information is not required.

1.28 Related parties

Management are those persons responsible for planning, directing and controlling the activities of the Municipality, including those charged with the governance of the Municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the Municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.29 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The Municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The Municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.30 Value Added Tax (VAT)

The municipality accounts for VAT on the payment basis. Output VAT is only payable as and when the purchase consideration is received and input tax can be claimed as and when payments are made.

1.31 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised. The liability is transferred to revenue as and when the conditions attached to the grants are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Notes to the Consolidated Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the Municipality's accounting periods beginning on or after 01 July 2019 or later periods but are not relevant to its operations:

GRAP 104 (amended): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the amendment is not yet set by the Minister of Finance.

The Municipality does not envisage the adoption of the amendment until such time as it becomes applicable to the Municipality's operations.

The impact of this standard is currently being assessed.

Guideline: Guideline on Accounting for Landfill Sites

The objective of this guideline: The Constitution of South Africa, 1996 (Act No. 108 of 1996) (the constitution), gives local government the executive authority over the functions of cleaning, refuse removal, refuse dumps and solid waste disposal. Even though waste disposal activities are mainly undertaken by municipalities, other public sector entities may also be involved in these activities from time to time. Concerns were raised about the inconsistent accounting practices for landfill sites and the related rehabilitation provision where entities undertake waste disposal activities. The objective of the Guideline is therefore to provide guidance to entities that manage and operate landfill sites. The guidance will improve comparability and provide the necessary information to the users of the financial statements to hold entities accountable and for decision making. The principles from the relevant Standards of GRAP are applied in accounting for the landfill site and the related rehabilitation provision. Where appropriate, the Guideline also illustrates the accounting for the land in a landfill, the landfill site asset and the related rehabilitation provision.

It covers: Overview of the legislative requirements that govern landfill sites, Accounting for land, Accounting for the landfill site asset, Accounting for the provision for rehabilitation, Closure, End-use and monitoring, Other considerations, and Annexures with Terminology & References to pronouncements used in the Guideline.

The effective date of the guideline is not yet set by the Minister of Finance.

The Municipality does not envisage the adoption of the guideline until such time as it becomes applicable to the Municipality's operations.

The impact of this standard is currently being assessed.

Notes to the Consolidated Financial Statements

Guideline: Guideline on the Application of Materiality to Financial Statements

The objective of this guideline: The objective of this Guideline is to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. The Guideline aims to assist entities in achieving the overall financial reporting objective. The Guideline outlines a process that may be considered by entities when applying materiality to the preparation of financial statements. The process was developed based on concepts outlined in Discussion Paper 9 on Materiality – Reducing Complexity and Improving Reporting, while also clarifying existing principles from the Conceptual Framework for General Purpose Financial Reporting and other relevant Standards of GRAP. The Guideline includes examples and case studies to illustrate how an entity may apply the principles in the Guideline, based on specific facts presented.

It covers: Definition and characteristics of materiality, Role of materiality in the financial statements, Identifying the users of financial statements and their information needs, Assessing whether information is material, Applying materiality in preparing the financial statements, and Appendixes with References to the Conceptual Framework for General Purpose Financial Reporting and the Standards of GRAP & References to pronouncements used in the Guideline.

The effective date of the guideline is not yet set by the Minister of Finance.

The Municipality does not envisage the adoption of the guideline until such time as it becomes applicable to the Municipality's operations.

The impact of this standard is currently being assessed.

GRAP 1 (amended): Presentation of Financial Statements

Amendments to this Standard of GRAP, are primarily drawn from the IASB's Amendments to IAS 1.

Summary of amendments are:

Materiality and aggregation

The amendments clarify that:

- information should not be obscured by aggregating or by providing immaterial information;
- materiality considerations apply to all parts of the financial statements; and
- even when a Standard of GRAP requires a specific disclosure, materiality considerations apply.

Statement of financial position and statement of financial performance

The amendments clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

Notes structure

The amendments add examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order listed in GRAP 1.

Disclosure of accounting policies

Remove guidance and examples with regards to the identification of significant accounting policies that were perceived as being potentially unhelpful.

A Municipality applies judgement based on past experience and current facts and circumstances.

The effective date of this amendment is for years beginning on or after 01 April 2020.

GRAP 34: Separate Financial Statements

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

It furthermore covers Definitions, Preparation of separate financial statements, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

The Municipality does not envisage the adoption of the standard until such time as it becomes applicable to the Municipality's operations.

The impact of this standard is currently being assessed.

GRAP 35: Consolidated Financial Statements

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

To meet this objective, the Standard:

- requires an entity (the controlling entity) that controls one or more other entities (controlled entities) to present consolidated financial statements;
- defines the principle of control, and establishes control as the basis for consolidation;
- sets out how to apply the principle of control to identify whether an entity controls another entity and therefore must consolidate that entity;
- sets out the accounting requirements for the preparation of consolidated financial statements; and
- defines an investment entity and sets out an exception to consolidating particular controlled entities of an investment entity.

It furthermore covers Definitions, Control, Accounting requirements, Investment entities: Fair value requirement, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

The Municipality does not envisage the adoption of the standard until such time as it becomes applicable to the Municipality's operations.

The impact of this standard is currently being assessed.

GRAP 36: Investments in Associates and Joint Ventures

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

It furthermore covers Definitions, Significant influence, Equity method, Application of the equity method, Separate financial statements, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

The Municipality does not envisage the adoption of the standard until such time as it becomes applicable to the Municipality's operations.

The impact of this standard is currently being assessed.

GRAP 37: Joint Arrangements

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

To meet this objective, the Standard defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.

It furthermore covers Definitions, Joint arrangements, Financial statements and parties to a joint arrangement, Separate financial statements, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020

The Municipality does not envisage the adoption of the standard until such time as it becomes applicable to the Municipality's operations.

The impact of this standard is currently being assessed.

GRAP 38: Disclosure of Interests in Other Entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- the effects of those interests on its financial position, financial performance and cash flows.

It furthermore covers Definitions, Disclosing information about interests in other entities, Significant judgements and assumptions, Investment entity status, Interests in controlled entities, Interests in joint arrangements and associates, Interests in structured entities that are not consolidated, Non-qualitative ownership interests, Controlling interests acquired with the intention of disposal, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

The Municipality does not envisage the adoption of the standard until such time as it becomes applicable to the Municipality's operations.

The impact of this standard is currently being assessed.

GRAP 110 (as amended 2016): Living and Non-living Resources

The objective of this Standard is to prescribe the:

- recognition, measurement, presentation and disclosure requirements for living resources; and
- disclosure requirements for non-living resources

It furthermore covers Definitions, Recognition, Measurement, Depreciation, Impairment, Compensation for impairment, Transfers, Derecognition, Disclosure, Transitional provisions and Effective date.

The subsequent amendments to the Standard of GRAP on Living and Non-living Resources resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23; and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when a living resource is revalued; To clarify acceptable methods of depreciating assets; and To define a bearer plant and include bearer plants within the scope of GRAP 17 or GRAP 110, while the produce growing on bearer plants will remain within the scope of GRAP 27

The effective date of the standard is not yet set by the Minister of Finance.

The Municipality does not envisage the adoption of the standard until such time as it becomes applicable to the Municipality's operations.

The impact of this standard is currently being assessed.

IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue

The amendments to this Interpretation of the Standard of GRAP clarifies that the entity should also consider other factors in assessing the probability of future economic benefits or service potential to the entity. Entities are also uncertain of the extent to which factors, other than the uncertainty about the collectability of revenue, should be considered when determining the probability of the inflow of future economic benefits or service potential on initial recognition of revenue. For example, in providing certain goods or services, or when charging non-exchange revenue, the amount of revenue charged may be reduced or otherwise modified under certain circumstances. These circumstances include, for example, where the entity grants early settlement discounts, rebates or similar reductions based on the satisfaction of certain criteria, or as a result of adjustments to revenue already recognised following the outcome of any review, appeal or objection process.

The consensus is that on initial recognition of revenue, an entity considers the revenue it is entitled to, following its obligation to collect all revenue due to it in terms of legislation or similar means. In addition, an entity considers other factors that will impact the probable inflow of future economic benefits or service potential, based on past experience and current facts and circumstances that exist on initial recognition.

An Municipality applies judgement based on past experience and current facts and circumstances.

The effective date of the amendment is for years beginning on or after 01 April 2020.

The Municipality does not envisage the adoption of the amendment until such time as it becomes applicable to the Municipality's operations.

The impact of this standard is currently being assessed.

GRAP 18 (as amended 2016): Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

The subsequent amendments to the Standard of GRAP on Segment Reporting resulted from editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.

The most significant changes to the Standard are:

- General improvements: An appendix with illustrative segment disclosures has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the standard is for years beginning on or after 01 July 2019

The Municipality does not envisage the adoption of the standard until such time as it becomes applicable to the Municipality's operations.

It is unlikely that the standard will have a material impact on the Municipality's consolidated financial statements.

GRAP 108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The Municipality does not envisage the adoption of the standard until such time as it becomes applicable to the Municipality's operations.

It is unlikely that the standard will have a material impact on the Municipality's consolidated financial statements.

IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land

This Interpretation of the Standards of GRAP applies to the initial recognition and derecognition of land in an entity's financial statements. It also considers joint control of land by more than one entity.

When an entity concludes that it controls the land after applying the principles in this Interpretation of the Standards of GRAP, it applies the applicable Standard of GRAP, i.e. the Standard of GRAP on Inventories, Investment Property (GRAP 16), Property, Plant and Equipment (GRAP 17) or Heritage Assets. As this Interpretation of the Standards of GRAP does not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, the entity applies the applicable Standard of GRAP to account for the land once control of the land has been determined. An entity also applies the applicable Standards of GRAP to the derecognition of land when it concludes that it does not control the land after applying the principles in this Interpretation of the Standards of GRAP.

In accordance with the principles in the Standards of GRAP, buildings and other structures on the land are accounted for separately. These assets are accounted for separately as the future economic benefits or service potential embodied in the land differs from those included in buildings and other structures. The recognition and derecognition of buildings and other structures are not addressed in this Interpretation of the Standards of GRAP.

The effective date of the interpretation is for years beginning on or after 01 July 2019.

The Municipality does not envisage the adoption of the interpretation until such time as it becomes applicable to the Municipality's operations.

It is unlikely that the interpretation will have a material impact on the Municipality's consolidated financial statements.

IGRAP 19: Liabilities to Pay Levies

This Interpretation of the Standards of GRAP provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.

To clarify the accounting for a liability to pay a levy, this Interpretation of the Standards of GRAP addresses the following issues:

- What is the obligating event that gives rise to the recognition of a liability to pay a levy?
- Does economic compulsion to continue to operate in a future period create a constructive obligation to pay a levy that will be triggered by operating in that future period?
- Does the going concern assumption imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period?
- Does the recognition of a liability to pay a levy arise at a point in time or does it, in some circumstances, arise progressively over time?
- What is the obligating event that gives rise to the recognition of a liability to pay a levy that is triggered if a minimum threshold is reached?

Consensus reached in this interpretation:

- The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation;
- An entity does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period;
- The preparation of financial statements under the going concern assumption does not imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period;
- The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time;
- If an obligation to pay a levy is triggered when a minimum threshold is reached, the accounting for the liability that arises from that obligation shall be consistent with the principles established in this Interpretation of the Standards of GRAP; and
- An entity shall recognise an asset, in accordance with the relevant Standard of GRAP, if it has prepaid a levy but does not yet have a present obligation to pay that levy.

The effective date of the interpretation is not yet set by the Minister of Finance.

The Municipality does not envisage the adoption of the interpretation until such time as it becomes applicable to the Municipality's operations.

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

It is unlikely that the interpretation will have a material impact on the Municipality's consolidated financial statements.

3. Inventories

Consumable stores	12 742 335	13 744 420	12 742 335	13 744 420
Stands	5 420 000	5 420 000	5 420 000	5 420 000
	18 162 335	**19 164 420**	**18 162 335**	**19 164 420**

The carrying value of inventories is disclosed at lower of cost or net realisable value.

4. Other financial assets

At amortised cost				
Stand sale arrangements	2 177 646	2 447 887	2 177 646	2 447 887
Fixed deposits - listed	31 525 083	26 887 399	31 525 083	26 887 399
	33 702 729	**29 335 286**	**33 702 729**	**29 335 286**
Non-current assets				
At amortised cost	31 525 083	26 887 399	31 525 083	26 887 399
Current assets				
At amortised cost	2 177 646	2 447 887	2 177 646	2 447 887

Financial assets at amortised cost

Council's valuation of listed investments

Liberty Group Limited	14 136 980	10 762 080	14 136 980	10 762 080
Standard Bank	17 388 103	16 125 319	17 388 103	16 125 319
	31 525 083	**26 887 399**	**31 525 083**	**26 887 399**

Reconciliation of stand sale arrangements

Stand sale arrangement	2 177 646	2 447 887	2 177 646	2 447 887
Less: Current portion	(2 177 646)	(2 447 887)	(2 177 646)	(2 447 887)
Non-current portion of stand sale arrangements	-	-	-	-

Fair value of investments are at book value as at 30 June 2019.

No non-current investments defaulted and no terms of any of the non-current investments were re-negotiated.

The maximum exposure to credit risk at the reporting date is the fair value of each class of financial asset mentioned above.

Fixed deposits of R 14 136 980 and R 17 388 103 been made with Liberty and Standard Bank of South Africa respectively to repay loans of R 15 000 000 and R 30 000 000 on maturity date.

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

Loans to staff and the public
To comply with the requirements of the MFMA, no loan has been made after 1 March 2004.

Stand sale arrangements
As from 1 March 2004 no loan agreement has been entered into for the sale of stands. The outstanding loans will be recovered over the remaining period of the individual loan agreements entered into.

Arrangements were made to enable people to purchase stands from the Council. These arrangements are repayable within 60 days.

5. Receivables from non-exchange transactions

5.1 Receivables from non-exchange transactions

Fines	36 833 080	43 961 106	36 833 080	43 961 106
Discretionary grant receivable from SETA	720 000	-	-	-
	37 553 080	**43 961 106**	**36 833 080**	**43 961 106**
Reconciliation of traffic fines				
Opening balance	43 961 106	75 870 945	43 961 106	75 870 945
Issued	33 076 650	38 364 900	33 076 650	38 364 900
Less: Withdrawn	(1 441 020)	(913 400)	(1 441 020)	(913 400)
Less: Fines receipted	(1 974 279)	(5 018 102)	(1 974 279)	(5 018 102)
Less: Provision for impairment	(36 789 377)	(64 343 237)	(36 789 377)	(64 343 237)
Balance at the end of the year	**36 833 080**	**43 961 106**	**36 833 080**	**43 961 106**
Reconciliation of provision for traffic fines				
Opening balance	91 141 550	26 798 313	91 141 550	26 798 313
Provision for impairment	36 789 377	64 343 237	36 789 377	64 343 237
	127 930 927	**91 141 550**	**127 930 927**	**91 141 550**

Receivables from non-exchange transactions

The Accounting Standard Board amended GRAP 1 applying the Probability Test on the Initial Recognition of Revenue to include revenue from non- exchange transactions. This amendment is applicable to municipalities from 1 July 2013. GRAP 1 indicates that entities should not consider the probability of non- payment on the initial recognition of revenue. This should be considered as a subsequent even when assessing impairment.

Fine revenue of all fines issued during the current year amounted to R 31 635 630 (2018: R 37 451 500). The outstanding fines were assessed for impairment based on the payment history of fines issued and measures put in place to recover the outstanding amount.

The recovery of traffic fines is a protracted process due to the administrative and court procedures.

Credit quality of receivables from non-exchange transactions

Traffic fines are payable as determined by the fine. The credit period granted is considered to be consistent with the established practices and legislation.

The Municipality's historical experience in collection of traffic fines fall within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's receivables from non-exchange transactions.

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

5.2. Operating lease asset (accrual)

Current assets	152 382	173 357	152 382	173 357
Municipality as lessor: Future minimum lease repayments receivable				
Less than one year	478 478	445 409	478 478	445 409
Between one year and five years	1 108 500	1 585 328	1 108 500	1 585 328
More than five years	108 376	110 026	108 376	110 026
	1 695 354	**2 140 763**	**1 695 354**	**2 140 763**

Operating leases relate to property owned by the Municipality with lease terms of between one (1) and twenty (20) years, with an option to extend the lease. The lessee does not have an option to purchase the property at the expiry of the lease period. The properties are maintained by the tenant, at their cost.

The Municipality has operating lease agreements for the following classes of assets which are only significant collectively.
- Municipal buildings
- Vacant land

Operating lease income and expenditure have been recognised on a straight line basis over the lease term. The effect of accounting for operating leases on the straight line basis had the above effect.

No restrictions have been imposed on the Municipality in terms of the operating lease agreements

6. Receivables from exchange transactions

Trade debtors	260 572 673	230 349 133	260 572 673	230 349 133
Prepayments	3 084	1 933	-	-
Rental deposits	3 386	3 386	-	-
Other receivables	33 148 138	29 056 132	33 148 138	29 056 132
Bursary loans	692 742	574 734	692 742	574 734
	294 420 023	**259 985 318**	**294 413 553**	**259 979 999**
Provision for impairment of receivables	(35 060 878)	(26 896 004)	(35 060 878)	(26 896 004)
	259 359 145	233 089 314	259 352 675	233 083 995

Reconciliation of provision for impairment of trade and other receivables

Opening balance	26 896 004	22 357 001	26 896 004	22 357 001
Provision for impairment	8 164 874	10 286 853	8 164 874	10 286 853
Amounts written off as uncollectible	-	(5 747 850)	-	(5 747 850)
	35 060 878	**26 896 004**	**35 060 878**	**26 896 004**

The 'bursary loans' 2018 comparative amount of R 574 734 has been restated from R 586 374 (see note 61).

The 'trade debtors' 2018 comparative amount of R 223 million has been restated from R 243 million (see note 61).

The impairment allowance mainly represents the outstanding amounts due to the Municipality in respect of indigent consumables, rental hawker stalls, private dumping, etc.

Credit quality of receivables from exchange transactions

Trade and other debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivable on initial recognition is not deemed necessary.

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

Concentrations of credit risk with respect to other receivables are limited due to the Municipality's large number of customers. The Municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's trade receivables.

7. Consumer debtors

Gross balances				
Rates	189 892 185	159 747 326	189 892 185	159 747 326
Electricity	199 197 687	197 492 845	199 197 687	197 492 845
Refuse	81 828 219	69 066 027	81 828 219	69 066 027
	470 918 091	**426 306 198**	**470 918 091**	**426 306 198**
Less: Allowance for impairment				
Rates	(170 651 560)	(132 340 973)	(170 651 560)	(132 340 973)
Electricity	(134 276 182)	(98 941 880)	(134 276 182)	(98 941 880)
Refuse	(73 381 278)	(59 681 961)	(73 381 278)	(59 681 961)
	(378 309 020)	**(290 964 814)**	**(378 309 020)**	**(290 964 814)**
Net balance				
Rates	19 240 625	27 406 353	19 240 625	27 406 353
Electricity	64 921 505	98 550 965	64 921 505	98 550 965
Refuse	8 446 941	9 384 066	8 446 941	9 384 066
	92 609 071	**135 341 384**	**92 609 071**	**135 341 384**
Included in above is receivables from exchange transactions				
Electricity	64 921 505	98 550 965	64 921 505	98 550 965
Refuse	8 446 941	9 384 066	8 446 941	9 384 066
	73 368 446	**107 935 031**	**73 368 446**	**107 935 031**
Included in above is receivables from non-exchange transactions (taxes and transfers)				
Rates	19 240 625	27 406 353	19 240 625	27 406 353
Net balance	**92 609 071**	**135 341 384**	**92 609 071**	**135 341 384**
Rates				
Current (0 -30 days)	9 619 270	9 333 209	9 619 270	9 333 209
31 - 60 days	5 025 903	5 433 544	5 025 903	5 433 544
61 - 90 days	4 243 682	3 793 069	4 243 682	3 793 069
91 - 120 days	3 970 083	3 590 317	3 970 083	3 590 317
121 - 365 days	167 033 247	137 597 187	167 033 247	137 597 187
	189 892 185	**159 747 326**	**189 892 185**	**159 747 326**
Electricity				
Current (0 -30 days)	45 308 917	62 010 928	45 308 917	62 010 928
31 - 60 days	6 204 859	10 421 706	6 204 859	10 421 706
61 - 90 days	9 538 695	5 860 226	9 538 695	5 860 226
91 - 120 days	3 265 273	17 687 175	3 265 273	17 687 175
121 - 365 days	134 879 943	101 512 810	134 879 943	101 512 810
	199 197 687	**197 492 845**	**199 197 687**	**197 492 845**

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	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018
Refuse				
Current (0 -30 days)	3 430 392	3 574 191	3 430 392	3 574 191
31 - 60 days	2 010 906	1 785 671	2 010 906	1 785 671
61 - 90 days	1 713 103	1 311 323	1 713 103	1 311 323
91 - 120 days	1 436 272	1 256 771	1 436 272	1 256 771
121 - 365 days	73 237 546	61 138 071	73 237 546	61 138 071
	81 828 219	**69 066 027**	**81 828 219**	**69 066 027**
Summary of debtors by customer classification				
Residential				
Current (0 -30 days)	17 805 834	25 018 711	17 805 834	25 018 711
31 - 60 days	6 692 329	7 811 301	6 692 329	7 811 301
61 - 90 days	6 201 227	4 837 055	6 201 227	4 837 055
91 - 120 days	4 416 310	4 103 348	4 416 310	4 103 348
121 - 365 days	239 438 774	191 386 528	239 438 774	191 386 528
	274 554 474	**233 156 943**	**274 554 474**	**233 156 943**
Industrial/ commercial				
Current (0 -30 days)	35 030 580	43 144 736	35 030 580	43 144 736
31 - 60 days	3 894 378	6 785 389	3 894 378	6 785 389
61 - 90 days	7 035 623	4 463 331	7 035 623	4 463 331
91 - 120 days	1 923 930	14 197 481	1 923 930	14 197 481
121 - 365 days	123 808 710	91 885 861	123 808 710	91 885 861
	171 693 221	**160 476 798**	**171 693 221**	**160 476 798**
National and provincial government				
Current (0 -30 days)	1 434 382	1 431 910	1 434 382	1 431 910
31 - 60 days	742 038	936 908	742 038	936 908
61 - 90 days	634 872	789 350	634 872	789 350
91 - 120 days	278 770	549 684	278 770	549 684
121 - 365 days	13 234 796	11 499 710	13 234 796	11 499 710
	16 324 858	**15 207 562**	**16 324 858**	**15 207 562**
Other				
Current (0 -30 days)	2 478 404	5 074 274	2 478 404	5 074 274
31 - 60 days	590 477	3 223 969	590 477	3 223 969
61 - 90 days	436 114	1 541 872	436 114	1 541 872
91 - 120 days	928 030	4 031 779	928 030	4 031 779
121 - 365 days	3 912 513	3 593 001	3 912 513	3 593 001
	8 345 538	**17 464 895**	**8 345 538**	**17 464 895**
Total	**470 918 091**	**426 306 198**	**470 918 091**	**426 306 198**

Consumer debtors pledged as security

No porting of accounts receivables was pledged as security for any financial liabilities

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

Credit quality of consumer debtors

The credit quality of consumer debtors that are neither past nor impaired can be assessed by reference to historical information about counterparty default rates:

Consumer debtors are payable within 30 days. This credit period is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors on initial recognition is not deemed necessary.

Concentrations of credit risk with respect to consumer debtors are limited due to the Municipality's large number of customers. The Municipality's historical experience in collection of consumer debtors falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's consumer debtors.

Fair value of consumer debtors

The fair value of accounts receivable approximates their carrying amounts.

Consumer debtors

No security is held for any of the accounts receivable.

Consumer debtors impaired

As of 30 June 2019, consumer debtors of R 378 309 020 (2018: R 290 964 814) were impaired and provided for.

An estimate is made for doubtful receivables based on the review of all outstanding amounts at year end. Significant financial difficulties of the debtor, probability that the debtor may enter bankrupcy and default of delinquency in payments (more than 90 days overdue) are considered indicators that the consumer is impaired. No amount for the current year (2018: R 9 978 766) was written off during the year as uncollectable.

The amounts best represent the maximum exposure to credit risk at the end of the reporting period without taking into account of any collateral held or other credit enhancements.

Reconciliation of allowance for impairment of consumer debtors

Opening balance	290 964 814	258 633 918	290 964 814	258 633 918
Allowance for impairment	87 344 206	42 309 662	87 344 206	42 309 662
Amounts written off as uncollectible	-	(9 978 766)	-	(9 978 766)
	378 309 020	**290 964 814**	**378 309 020**	**290 964 814**

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	177	177	-	-
Bank balances	42 126 861	7 696 885	42 033 011	7 490 665
Other cash and cash equivalents	1 255	359 193	-	-
	42 128 293	**8 056 255**	**42 033 011**	**7 490 665**

No cash and cash equivalents, or portion thereof, was pledged as security for any financial liabilities.

The balance of unspent conditional grants as per Note 18 can only be used for the purpose as set out in the different grant conditions and is not available to the Municipality to use in its normal business operations.

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The Municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2019	30 June 2018	30 June 2017	30 June 2019	30 June 2018	30 June 2017
Consolidated cash book balance	-	-	-	42 128 293	8 056 255	32 550 519
ABSA Bank - Cheque account number 126 085 0527 Primar						
ABSA Bank - Cheque account number - 404 896 4222	7 714 245	6 995 425	3 313 689	-	-	-
ABSA Bank - Cheque account number - 908 197 4990	245 207	487 580	1 510 568	-	-	-
ABSA Bank Liquidity plus account - 9312433930 (MIG)	5 141 834	4 692	22 534 572	-	-	-
ABSA Bank - Liquidity plus account - 9312434237 (INEP)	28 931 725	2 968	4 480 334	-	-	-
ABSA Bank - Cheque account - 40-7166-4582	93 850	206 220	646 331	-	-	-
ABSA Bank - 32 day notice account - 92-2181-3770	356	348	340	-	-	-
ABSA Bank - Deposit plus account - 92-8795-3029	898	358 845	64 508	-	-	-
Total	**42 128 115**	**8 056 078**	**32 550 342**	**42 128 293**	**8 056 255**	**32 550 519**

The Municipality has two bank accounts to control MIG and INEP funds separately.

An amount of R 5 083 273 (2018: R 2 924 848) of the unspent conditional grants is included in cash and cash equivalents.

The difference between the bank statement and cashbook balances (R177) is due to cash on hand.

Credit quality of Cash and cash equivalents

The credit quality of cash and cash equivalents that are neither past due nor impaired can be assessed by reference to the Municipality's going concern ratio's which include current ratio, debt ratio and net income to net sales ratio.

9. Investment property

Economic entity	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	181 377 053	-	181 377 053	181 377 053	-	181 377 053

Controlling entity	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	181 377 053	-	181 377 053	181 377 053	-	181 377 053

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Reconciliation of investment property - Economic and Controlling entity - 2019

	Opening balance	Total
Investment property	181 377 053	181 377 053

Reconciliation of investment property - Economic and Controlling entity - 2018

	Opening balance	Disposals	Transfers received	Total
Investment property	170 942 753	(570 000)	11 004 300	181 377 053

Pledged as security

No investment properties was pledged as security for liabilities.

The municipality generated income from rental of investment properties of R140 510 monthly on average (2018: R131 310)

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the Municipality.

Details of valuation

The Greater Tzaneen Municipal valuations is based on the valuation roll which is reviewed every four years. The last valuation roll came into effect on 1 July 2017. Supplementary valuations are issued and processed annually to take into account changes in individual property value due to alterations and subdivisions.

10. Property, plant and equipment

Economic entity	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	124 398 446	-	124 398 446	124 398 446	-	124 398 446
Furniture and fixtures	183 960	(163 446)	20 514	171 732	(147 207)	24 525
Office equipment	37 278	(27 240)	10 038	45 324	(38 810)	6 514
IT equipment	245 776	(160 636)	85 140	257 333	(141 757)	115 576
Infrastructure	2 282 241 337	(1 183 099 509)	1 099 141 828	2 254 746 250	(1 074 653 827)	1 180 092 423
Community	198 842 767	(43 332 949)	155 509 818	170 390 866	(36 314 648)	134 076 218
Work in progress	52 949 441	-	52 949 441	30 985 479	-	30 985 479
Other assets	71 276 426	(55 570 812)	15 705 614	65 326 385	(51 553 361)	13 773 024
Leased assets	18 315 531	(10 792 849)	7 522 682	10 920 220	(7 932 282)	2 987 938
Total	**2 748 490 962**	**(1 293 147 441)**	**1 455 343 521**	**2 657 242 035**	**(1 170 781 892)**	**1 486 460 143**

Notes to the Consolidated Financial Statements

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Controlling entity

	2019			2018		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Land	124 398 446	-	124 398 446	124 398 446	-	124 398 446
Infrastructure	2 282 241 335	(1 183 099 510)	1 099 141 825	2 254 746 249	(1 074 653 828)	1 180 092 421
Community	198 842 765	(43 332 950)	155 509 815	170 390 865	(36 314 649)	134 076 216
Work in progress	52 949 441	-	52 949 441	30 985 479	-	30 985 479
Other assets	71 276 425	(55 570 812)	15 705 613	65 326 384	(51 553 363)	13 773 021
Leased assets	18 315 531	(10 792 849)	7 522 682	10 920 221	(7 932 282)	2 987 939
Total	**2 748 023 943**	**(1 292 796 121)**	**1 455 227 822**	**2 656 767 644**	**(1 170 454 122)**	**1 486 313 522**

Notes to the Consolidated Financial Statements

Figures in Rand

Reconciliation of property, plant and equipment - Economic entity - 2019

	Opening balance	Additions	Write-offs/ Disposals	Transfers	Depreciation	Impairment loss	Total
Land	124 398 446	-	-	-	-	-	124 398 446
Furniture and fixtures	24 525	12 232	-	-	(16 243)	-	20 514
Office equipment	6 514	7 879	-	-	(4 355)	-	10 038
IT equipment	115 576	14 500	-	-	(44 936)	-	85 140
Infrastructure	1 180 092 423	39 099 333	(2 526 247)	-	(113 124 409)	(4 399 272)	1 099 141 828
Community	134 076 218	28 451 900	-	-	(7 018 300)	-	155 509 818
Work in progress	30 985 479	86 473 783	-	(64 509 821)	-	-	52 949 441
Other assets	13 773 024	6 337 056	(343 916)	-	(4 060 550)	-	15 705 614
Leased assets	2 987 938	7 440 639	(8 335)	-	(2 897 560)	-	7 522 682
	1 486 460 143	**167 837 322**	**(2 878 498)**	**(64 509 821)**	**(127 166 353)**	**(4 399 272)**	**1 455 343 521**

Reconciliation of property, plant and equipment - Economic entity - 2018

	Opening balance	Additions	Write-offs/ Disposals	Transfers	Depreciation	Impairment loss	Total
Land	125 358 946	49 500	(1 010 000)	-	-	-	124 398 446
Furniture and fixtures	43 794	-	-	-	(19 269)	-	24 525
Office equipment	3 355	5 216	-	-	(2 057)	-	6 514
IT equipment	24 812	107 642	-	-	(16 878)	-	115 576
Infrastructure	1 293 611 062	27 802 252	(23 642 192)	-	(114 838 799)	(2 839 900)	1 180 092 423
Community	88 965 562	49 330 305	(88 140)	-	(4 131 509)	-	134 076 218
Work in progress	58 988 033	47 725 910	-	(75 728 464)	-	-	30 985 479
Other assets	20 579 648	472 602	(1 284 682)	-	(5 994 544)	-	13 773 024
Leased assets	7 585 464	-	(2 590 715)	-	(2 006 811)	-	2 987 938
	1 595 160 676	**125 493 427**	**(28 615 729)**	**(75 728 464)**	**(127 009 867)**	**(2 839 900)**	**1 486 460 143**

Notes to the Consolidated Financial Statements

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Reconciliation of property, plant and equipment - Controlling entity - 2019

	Opening balance	Additions	Write-offs/ Disposals	Transfers	Depreciation	Impairment loss	Total
Land	124 398 446	-	-	-	-	-	124 398 446
Infrastructure	1 180 092 421	39 099 332	(2 526 247)	-	(113 124 409)	(4 399 272)	1 099 141 825
Community	134 076 216	28 451 899	-	-	(7 018 300)	-	155 509 815
Work in progress	30 985 479	86 473 783	-	(64 509 821)	-	-	52 949 441
Other assets	13 773 021	6 337 058	(343 916)	-	(4 060 550)	-	15 705 613
Leased assets	2 987 939	7 440 638	(8 335)	-	(2 897 560)	-	7 522 682
	1 486 313 522	**167 802 710**	**(2 878 498)**	**(64 509 821)**	**(127 100 819)**	**(4 399 272)**	**1 455 227 822**

Reconciliation of property, plant and equipment - Controlling entity - 2018

	Opening balance	Additions	Write-offs/ Disposals	Transfers	Depreciation	Impairment loss	Total
Land	125 358 946	49 500	(1 010 000)	-	-	-	124 398 446
Infrastructure	1 293 611 062	27 802 250	(23 642 192)	-	(114 838 799)	(2 839 900)	1 180 092 421
Community	88 965 561	49 330 304	(88 140)	-	(4 131 509)	-	134 076 216
Work in progress	58 988 033	47 725 910	-	(75 728 464)	-	-	30 985 479
Other assets	20 579 650	472 597	(1 284 682)	-	(5 994 544)	-	13 773 021
Leased assets	7 585 463	-	(2 590 713)	-	(2 006 811)	-	2 987 939
	1 595 088 715	**125 380 561**	**(28 615 727)**	**(75 728 464)**	**(126 971 663)**	**(2 839 900)**	**1 486 313 522**

Included in the Infrastructure is an amount for Landfill site with the carrying amount of R 4 655 646 (2018: R 4 891 493).

Pledged as security

None of the property, plant and equipment has been pledged as security for any liabilities.

The 2017/2018 comparative amount of R 1.486 billion on property, plant and equipment has been restated from R 1.502 billion (see note 61).

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the Municipality.

The prior period balances were restated for prior year errors. Refer to note 61 for detail.

A detailed breakdown of property plant and equipment by asset class can be found in Annexure "B".

11. Intangible assets

Economic entity	2019			2018		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, internally generated	3 808 727	(2 673 590)	1 135 137	3 653 789	(2 046 835)	1 606 954
Other intangible assets	45 051	(45 051)	-	45 051	(45 051)	-
Total	**3 853 778**	**(2 718 641)**	**1 135 137**	**3 698 840**	**(2 091 886)**	**1 606 954**

Controlling entity	2019			2018		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	3 760 040	(2 624 903)	1 135 137	3 605 102	(2 001 634)	1 603 468

Reconciliation of intangible assets - Economic entity - 2019

	Opening balance	Additions	Amortisation	Total
Computer software, internally generated	1 606 954	154 938	(626 755)	1 135 137

Reconciliation of intangible assets - Economic entity - 2018

	Opening balance	Additions	Amortisation	Total
Computer software, internally generated	1 143 105	1 150 797	(686 948)	1 606 954

Reconciliation of intangible assets - Controlling entity - 2019

	Opening balance	Additions	Amortisation	Total
Computer software and license	1 603 468	154 938	(623 269)	1 135 137

Reconciliation of intangible assets - Controlling entity - 2018

	Opening balance	Additions	Amortisation	Total
Computer software and license	1 135 042	1 150 797	(682 371)	1 603 468

Pledged as security

No intangible assets have been pledged as security for any liability.

The municipality amortizes all its intangible assets on a straight-line method and none of these are regarded as having an indefinite useful life. The useful lives of intangible assets changed from one to two years on average from previous years.

12. Heritage assets

Economic entity	2019			2018		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral chain	195 000	-	195 000	195 000	-	195 000

Controlling entity	2019			2018		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral chain	195 000	-	195 000	195 000	-	195 000

Reconciliation of heritage assets Economic entity - 2019

	Opening balance	Total
Mayoral chain	195 000	195 000

Reconciliation of heritage assets Economic entity - 2018

	Opening balance	Total
Mayoral chain	195 000	195 000

Reconciliation of heritage assets Controlling entity - 2019

	Opening balance	Total
Maryoral chain	195 000	195 000

Reconciliation of heritage assets Controlling entity - 2018

	Opening balance	Total
Mayoral chain	195 000	195 000

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

13. Other financial liabilities

Designated at amortised cost				
DBSA local registered loan stock	15 000 000	15 000 000	15 000 000	15 000 000
Loan Stock - Standard Bank	30 000 000	30 000 000	30 000 000	30 000 000
	45 000 000	**45 000 000**	**45 000 000**	**45 000 000**
At amortised cost				
Annuity loan - DBSA	30 466 889	32 183 025	30 466 889	32 183 025
Annuity loan - ABSA	16 848 525	18 340 756	16 848 525	18 340 756
Annuity loan - INCA	-	1 953 417	-	1 953 417
Annuity loan - Standard Bank	-	4 565 172	-	4 565 172
Annuity loan - DBSA	40 000 000	-	40 000 000	-
	87 315 414	**57 042 370**	**87 315 414**	**57 042 370**
Total other financial liabilities	**132 315 414**	**102 042 370**	**132 315 414**	**102 042 370**
Non-current liabilities				
Other	45 000 000	45 000 000	45 000 000	45 000 000
Annuity loans	65 645 166	47 456 572	65 645 166	47 456 572
	110 645 166	**92 456 572**	**110 645 166**	**92 456 572**
Current liabilities				
At amortised cost	21 670 248	9 585 798	21 670 248	9 585 798

The 'Annuity Loan DBSA' 2018 comparative amount of R 32.183 million has been restated from R 32.041 million (see note 61).

Annuity loan - Standard Bank

This loan of R21 011 000 was taken up on 30 June 2012. The loan bears interest at a fixed rate of 11,8% and has been fully redeemed on 30 June 2019.

Annuity loan - ABSA

This loan of R25 140 000, with a current balance of R 16 848 525, was taken up on 15 August 2010. The loan bears interest at a fixed rate of 10,62% and will be fully redeemed on 31 July 2025.

Annuity loan - DBSA

A loan of R41 000 000, with a current balance of R 30 466 889, was taken up to finance capital projects. This loan bears interest at a fixed rate of 6,75% per annum and will be fully redeemed on 31 October 2030.

Annuity loan - INCA

The loan has been taken up to finance the purchase of land. It bore interest at a fixed rate of 12,5% per annum and has been fully redeemed on 31 December 2018.

Loan stock: DBSA (Excelsior 1 000 investment)

An annual investment of R855 619 has been made with Liberty to repay a loan of R15 000 000 on maturity date. The loan bears interest at a variable rate and will be redeemed on 30 September 2019.

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

Annuity loan: DBSA

A loan of R 40 000 000, with a current balance of R 40 000 000, has been taken up to finance capital projects. The loan bears interest at a fixed rate of 11.3% per annum and will be fully redeemed on 30 September 2028.

Loan Stock: Standard Bank

A loan of R 30 000 000 has been taken up to finance capital projects. The loan bears interest at a fixed rate of 12.09 % per annum and will be redeemed on 16 October 2025.

Undrawn borrowings
There were no undrawn borrowing facilities that were available for future activities or to settle capital commitments at 30 June 2019.

None of the loans are secured by any fixed or movable assets of the Greater Tzaneen Municipality.

The Municipality did not default on any of the borrowings in respect of capital or interest portions.

No terms attached to the financial liabilities were re-negotiated.

14. Finance lease obligation

Minimum lease payments due				
- within one year	3 630 878	934 458	3 630 878	934 458
- in second to fifth year inclusive	4 060 236	632 049	4 060 236	632 049
	7 691 114	1 566 507	7 691 114	1 566 507
Less: future finance charges	(1 161 090)	(139 534)	(1 161 090)	(139 534)
Present value of minimum lease payments	**6 530 024**	**1 426 973**	**6 530 024**	**1 426 973**
Present value of minimum lease payments due				
- within one year	2 978 540	824 306	2 978 540	824 306
- in second to fifth year inclusive	3 551 484	602 667	3 551 484	602 667
	6 530 024	**1 426 973**	**6 530 024**	**1 426 973**
Non-current liabilities	3 551 484	602 667	3 551 484	602 667
Current liabilities	2 978 540	824 306	2 978 540	824 306
	6 530 024	**1 426 973**	**6 530 024**	**1 426 973**

The average lease term was 2 to 3 years. Interest rates are fixed at the contract date. Certain leases have fixed repayments and others escalate. No arrangements have been entered into for contingent rent.

The carrying value of these leased assets are included under property, plant and equipment.

The Municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.

The Municipality did not default on any of the interest or capital repayments of the finance leases.

New lease agreements were entered into during 2018/2019 financial year for ICT equipment and photocopiers.

No terms and conditions of the finance leases were re-negotiated during the reporting period.

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

15. Payables from exchange transactions

Payables	162 964 457	137 582 360	162 319 559	137 447 005
Staff leave	30 965 409	35 919 492	30 919 811	35 880 487
Retention	22 753 277	24 481 008	22 753 277	24 481 008
Unknown direct deposits	4 739 264	3 798 158	4 739 264	3 798 158
13th Cheque	8 034 086	7 397 615	8 034 086	7 397 615
	229 456 493	**209 178 633**	**228 765 997**	**209 004 273**

The 'payables' 2018 comparative amount of R 137.4 million has been restated from R 136.3 million (see note 61).

The 'retention' 2018 comparative amount of R 24.4 million has been restated from R 23.6 million (see note 61).

Trade payables
The average credit period on purchases is 30 days from receipt of the invoice, as determined by Section 99 of the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the Municipality deals with.

Included under payables are payments received in advance which are non-interest bearing and normally settled on 30 day terms

Staff leave
Annual leave accrues to employees on a monthly basis subject to certain conditions. The provision is an estimate of the amount due to staff as at the financial year-end, based on the value of statutory and non-statutory leave.

Retention
Retention is non-interest bearing and settled in terms of the contract agreement.

Unknown direct deposits
The origin of the deposits could not be determined at year-end.

13th Cheque
A 13th cheque or annual bonus accrues to staff on an annual basis subject to certain conditions. The provision is the actual amount due at the reporting date to staff and is paid after the completion of twelve months. The Municipality has an obligation to pay a service bonus in terms of it's conditions of employment.

The carrying value of payables from exchange transactions approximate their fair values. The fair value is determined after considering the standard terms and conditions of agreements entered into by the Municipality and the parties.

The Municipality did not default on any accounts payable in respect of capital or interest portions.

No terms attached to the accounts payable were re-negotiated.

16. VAT payable

Net VAT payable	46 813 943	42 373 166	39 960 827	36 353 082

The financial statements have been prepared on the accrual basis whilst VAT is payable to SARS on the payments basis. Output VAT is only payable as and when the purchase consideration is received and input VAT can only be claimed as and when payments are made. Interest on late payment is charged according to SARS policies. In terms of the VAT Act, the VAT increased from 14% to 15% from 01 April 2018.

17. Consumer deposits

Electricity	27 068 007	26 858 463	27 068 007	26 858 463
Guarantees held in lieu of electricity deposits	3 211 830	3 339 030	3 211 830	3 339 030

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

Consumer deposits are paid by customers on application for new electricity connections. The deposits are repaid when the electricity connections are terminated. In cases where consumers default on their accounts, the Municipality can utilise the deposit as payment for the outstanding accounts.

Guarantees are given to business consumers on application for new electricity connections instead of deposits. In cases where consumers default on their accounts, the Municipality can request the guarantee amounts from the consumers' bank as payment for the outstanding accounts.

18. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts				
Grants - other	5 083 273	2 924 848	5 083 273	2 924 848
Movement during the year				
Balance at the beginning of the year	2 924 848	17 749 721	2 924 848	17 749 721
Additions during the year	116 602 405	134 005 000	116 602 405	134 005 000
Income recognition during the year	(94 239 934)	(116 715 118)	(94 239 934)	(116 715 118)
Administration fee recognised during the year	(4 615 750)	(6 047 100)	(4 615 750)	(6 047 100)
Loan repayments	-	(7 738 405)	-	(7 738 405)
Roll-over not approved	(2 725 000)	(1 919 412)	(2 725 000)	(1 919 412)
VAT	(12 863 296)	(15 379 226)	(12 863 296)	(15 379 226)
Overspending transferred to own expenditure	-	(1 030 612)	-	(1 030 612)
	5 083 273	**2 924 848**	**5 083 273**	**2 924 848**

The amount of unspent conditional grants and receipts is held in the operating bank account of the Municipality until utilized.
The total grants recognised in the statement of financial performance are disclosed in note 24.

19. Provisions

Reconciliation of provisions - Economic entity - 2019

	Opening Balance	Additions	Total
Provision for rehabilitation of landfill site	4 626 520	462 651	5 089 171
Provision for performance bonuses	445 724	502 946	948 670
	5 072 244	**965 597**	**6 037 841**

Reconciliation of provisions - Economic entity - 2018

	Opening Balance	Additions	Reduction due to re-measurement or settlement without cost to entity	Total
Provision for rehabilitation of landfill site	4 205 927	420 593	-	4 626 520
Provision for performance bonuses	606 889	-	(161 165)	445 724
	4 812 816	**420 593**	**(161 165)**	**5 072 244**

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

Reconciliation of provisions - Controlling entity - 2019

	Opening Balance	Additions	Total
Provision for rehabilitation of landfill site	4 626 520	462 651	5 089 171
Provision for performance bonuses	445 724	502 946	948 670
	5 072 244	**965 597**	**6 037 841**

Reconciliation of provisions - Controlling entity - 2018

	Opening Balance	Additions	Reduction due to re-measurement or settlement without cost to entity	Total
Provision for rehabilitation of landfill site	4 205 927	420 593	-	4 626 520
Provision for performance bonuses	606 890	-	(161 166)	445 724
	4 812 817	**420 593**	**(161 166)**	**5 072 244**

Non-current liabilities	5 089 171	4 626 520	5 089 171	4 626 520
Current liabilities	948 670	445 724	948 670	445 724
	6 037 841	**5 072 244**	**6 037 841**	**5 072 244**

Provision for rehabilitation of landfill site

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. Provision is made in terms of the Municipality's licensing stipulations on the waste landfill site. The provision has been determined on the basis of independant valuations by environmental consultants. It is calculated as the present value of the future obligation, discounted at 10% over an average period of 20 years. The due date of this provision is June 2027.

Provision for performance bonuses

Performance bonuses accrue to Section 57 managers on an annual basis subject to certain conditions. The provision is the actual amount due at the reporting date to staff. Performance bonuses are paid one year in arrears as the assessment of eligible employees had not taken place at the end of the reporting period. Performance bonuses are measured at face value as it is expected that these would be paid shortly after the financial year end once performance evaluations have been completed.

20. Employee benefit obligations

Defined benefit plan

The total amount recognised in the statement of financial position is as follows:				
Carrying value				
Defined benefit obligation - long service award	16 353 718	12 977 156	16 353 718	12 977 156
Defined benefit obligation - post retirment medical aid plan	65 120 960	70 844 367	65 120 960	70 844 367
	81 474 678	**83 821 523**	**81 474 678**	**83 821 523**

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

Post-retirement medical aid plan

The Municipality provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds with which the municipality is associated, a member on retirement is entitled to remain a continued member of such medical aid fund, and the municipality will continue to subsidise medical contributions in accordance with the provisions of the employee's employment contract and the municipality's decision on protected rights.

The post-employment health care benefits valuation considers all current employees, retired employees and their dependants who participate in the health care arrangements and are entitled to a post-employment medical scheme subsidy. The post-employment health care liability is not a funded arrangement, i.e. no separate assets have been set aside to meet this liability. The effective date of the valuation which was performed by ARCH Actuarial Consulting is 30 June 2019.

Plan assets
Currently, no long-term assets are set aside off - balance sheet in respect of the employer's post-employment health care liability.

The Projected Unit Credit Method was used to value the liabilities and the liability for eligible employees is accrued over their expected working lifetime.

Membership of health care arrangements entitled to a post-employment medical aid subsidy at reporting date was:

In-service members	392	385	392	385
In-service non-members	262	268	262	268
Continuation members	51	53	51	53
	705	**706**	**705**	**706**
The amount recognised in the statement of financial position is as follows:				
Carrying value				
Present value of the defined benefits obligations - wholly unfunded	65 120 960	70 844 367	65 120 960	70 844 367
Changes in the present value of the defined benefit obligation are as follows:				
Opening balance	70 844 367	72 553 728	70 844 367	72 553 728
Benefits paid	(2 217 321)	(2 172 117)	(2 217 321)	(2 172 117)
Net expense recognised in the statement of financial performance	(3 506 086)	462 756	(3 506 086)	462 756
	65 120 960	**70 844 367**	**65 120 960**	**70 844 367**
Net expense recognised in the statement of financial performance				
Current cost	3 613 750	3 981 762	3 613 750	3 981 762
Interest cost	6 738 938	7 017 670	6 738 938	7 017 670
Actuarial (gains) / losses	(13 858 774)	(10 536 676)	(13 858 774)	(10 536 676)
	(3 506 086)	**462 756**	**(3 506 086)**	**462 756**
Calculation of actuarial gains and losses				
Actuarial (gains) / losses	13 858 774	(10 536 676)	13 858 774	(10 536 676)

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018
Key assumptions used				
Assumptions used at reporting date				
Discount rate used	9.48 %	9.66 %	9.48 %	9.66 %
Health care cost inflation rate	6.93 %	7.45 %	6.93 %	7.45 %
Net discount rate	2.38 %	2.06 %	2.38 %	2.06 %
Average retirment rate	62	61	62	61
Best estimate of contribution expected to be paid				
Expected benefit to be paid	2 200 887	2 217 321	2 200 887	2 217 321

Other assumptions

The sensitivity analysis is based on the total liability which includes water and sewerage.

Assumed healthcare cost trend rates have a significant effect on the amounts recognised in surplus or deficit. The effect of a one percentage movement in the assumed rate of health care cost inflation is as follows:

Increase				
Effect of aggregate service cost and interest cost	13 329 300	14 295 400	13 329 300	14 295 400
Effect on the defined benefit obligation	82 169 000	89 597 000	82 169 000	89 597 000
Decrease				
Effect of aggregate service cost and interest cost	(9 562 700)	(10 170 200)	(9 562 700)	(10 170 200)
Effect on the defined benefit obligation	(60 994 000)	(67 172 000)	(60 994 000)	(67 172 000)

Amounts for the current and previous four years are as follows:

	2019	2018	2017	2016	2015
	R	R	R	R	R
Defined benefit obligation	65 120 960	70 844 367	72 553 728	74 141 098	65 494 316
Surplus (deficit)	(65 120 960)	(70 844 367)	(72 553 728)	(74 141 098)	(65 494 316)

Long service awards

Long service awards relates to the legal obligation to provide for long service leave awards. An actuarial valuation has been performed on all 655 (2018: 654) employees that are entitled to long service leave awards on 30 June 2019. The long service leave awards liability is not a funded arrangement, i.e. no separate assets have been set aside to meet this liability.

The amounts recognised in the statement of financial position are as follows:

Carrying value				
Present value of the defined benefit obligation-wholly unfunded	16 353 718	12 977 156	16 353 718	12 977 156

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	12 977 156	11 669 376	12 977 156	11 669 376
Benefits paid	(1 738 011)	(976 674)	(1 738 011)	(976 674)
Net expense recognised in the statement of financial performance	5 114 573	2 284 454	5 114 573	2 284 454
	16 353 718	**12 977 156**	**16 353 718**	**12 977 156**

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018
Net expense recognised in the statement of financial performance				
Current service cost	1 206 302	1 154 289	1 206 302	1 154 289
Interest cost	1 022 199	940 824	1 022 199	940 824
Actuarial (gains) losses	2 886 072	189 341	2 886 072	189 341
	5 114 573	**2 284 454**	**5 114 573**	**2 284 454**
Calculation of actuarial gains and losses				
Actuarial (gains) losses – Obligation	2 886 072	189 341	2 886 072	189 341
Key assumptions used				
Assumptions used at the reporting date:				
Discount rates used	8.13 %	8.43 %	8.13 %	8.43 %
Expected increase in salaries	5.55 %	6.06 %	5.55 %	6.06 %
Other material actuarial assumptions	2.44 %	2.23 %	2.44 %	2.23 %
	62	61	62	61

Other assumptions

The sensitivity analysis is based on the total liability which includes water and sewerage.

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

Increase				
Effect of aggregate service cost and interest cost	2 627 600	2 473 400	2 627 600	2 473 400
Effect on defined contribution obligation	19 067 000	15 137 000	19 067 000	15 137 000
Decrease				
Effect on aggregate service cost and interest cost	(2 305 900)	(2 162 200)	(2 305 900)	(2 162 200)
Effect on defined benefit obligation	(16 954 000)	(13 580 000)	(16 954 000)	(13 580 000)

Amounts for the current and previous four years are as follows:

	2019 R	2018 R	2017 R	2016 R	2015 R
Defined benefit obligation	16 353 718	12 977 156	11 669 376	11 622 662	10 830 506
Surplus (deficit)	(16 353 718)	(12 977 156)	(11 669 376)	(11 622 662)	(10 830 506)

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

Defined contribution plan

The Municipality is under no obligation to cover any unfunded benefits.

The amount recognised as an expense for defined contribution plans is	51 922 920	49 198 630	51 922 920	49 198 630

The only obligation of the Municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors/ employees leave plans prior to full vesting of the contributions, the contributions payable by the Municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the statement of financial performance of R 51.9 million represents contributions payable to these plans by the Municipality at rates specified in the rules of the plans.

Included in defined contribution plan of R 51 922 920 above, is the following plans which are Multi-Employer Funds and are Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the Municipality to account for the plans as defined benefit plans, the Municipality accounted for these plans as defined contribution plans.

The amounts disclosed above includes an amount of R 671 964 (2018: R 1 657 183) which represents the contributions for councillors.

Municipal Employees pension fund

The contribution rate paid by the members of 7.5% and council of 22% or 18% are sufficient to fund the benefits accruing from the fund in future.

2 458 610	2 334 578	2 458 610	2 334 578

Municipal Employees Gratuity Fund

The contribution paid by the members of 7.5% or 9% and council 22% or 18% is sufficient to fund the benefits accruing from the fund in future.

At the valuation date of 30 June 2018 the gratuity fund was funded and revealed that the fund was certified to be in a sound financial position.

7 760 568	7 580 663	7 760 568	7 580 663

Municipal Fund for Municipal Workers

The above mentioned fund is a defined contribution fund and according to regulation 2 of the Pension Fund of 1956 exempt from the provisions of sections 9A and 16 of the Act.

41 031 779	37 626 206	41 031 779	37 626 206

Municipal councillors pension fund

The municipal councillors' pension fund operates as a defined contribution scheme. The contribution rate paid by the members is 28.75% and no contribution is made by Council.

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

21. Service charges

Sale of electricity	439 099 834	444 092 394	439 099 834	444 092 394
Sale of prepaid electricity	10 764 021	7 930 880	10 764 021	7 930 880
Indigent charges	2 882 501	1 798 946	2 882 501	1 798 946
Refuse removal	33 052 322	30 990 314	33 052 322	30 990 314
Other service charges	237 494	247 871	237 494	247 871
	486 036 172	**485 060 405**	**486 036 172**	**485 060 405**

The amounts disclosed above for sale of electricity, indigent charges and refuse removal are in respect of services rendered and are billed to the consumers on a monthly basis according to council's approved tariffs.

Greater Tzaneen Municipality acts as service provider for the Mopani District Municipality with regard to the water and sewer services. Mopani District Municipality is the water and sewer service authority and those services reflect in their records.

22. Other income

Credit control actions	154 709	1 040 188	154 709	1 040 188
Environmental health services	19 774	23 856	19 774	23 856
Grant admin fee	836 934	6 047 100	836 934	6 047 100
Insurance claims	-	8 399	-	8 399
Library services	7 413	7 753	7 413	7 753
Motor vehicle and drivers licence	-	8 022 362	-	8 022 362
Recoveries	361 494	1 181 767	361 494	1 181 767
Sundry income	7 114 457	888 627	7 114 457	888 627
Valuation certificates	82 565	110 100	82 565	110 100
Grant revenue	19 024 461	13 370 955	19 024 461	13 370 955
Other income	-	67 203	-	67 203
	27 601 807	**30 768 310**	**27 601 807**	**30 768 310**

The amounts disclosed above as other income are in respect of services rendered, other than disclosed in note 21, which are billed to or paid for by the users of services as required according to councils approved tariffs.

23. Property rates

Rates levied

Residential	46 599 616	41 106 934	46 599 616	41 106 934
Commercial	37 736 924	35 894 071	37 736 924	35 894 071
State	9 251 648	7 046 036	9 251 648	7 046 036
Other	15 572 224	15 242 482	15 572 224	15 242 482
	109 160 412	99 289 523	109 160 412	99 289 523
Property rates - penalties imposed	10 022 809	8 203 616	10 022 809	8 203 616
	119 183 221	**107 493 139**	**119 183 221**	**107 493 139**

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

Valuations

	R'000	R'000	R'000	R'000
Residential	6 940 743	6 525 395	6 940 743	6 525 395
Commercial	3 033 734	2 855 825	3 033 734	2 855 825
State	739 185	1 657 355	739 185	1 657 355
Municipal	385 999	385 999	385 999	385 999
Agriculture	4 955 176	4 197 687	4 955 176	4 197 687
Other	184 106	184 106	184 106	184 106
	16 238 943	**15 806 367**	**16 238 943**	**15 806 367**

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2017. Interim valuations are processed on a monthly basis to take into account changes in individual property values due to alterations and subdivisions. The same rate is applied on different categories of property and improvement valuations to determine assessment rates. Rates are levied on a monthly basis and are payable by the 25th of each month, owners are allowed to pay the annual instalment by 30 September each year. Rebates are granted on various categories of properties. Interest at prime rate plus 1% is levied on outstanding rates and the prime rate of ABSA applies.

24. Government grants and subsidies

Operating grants				
Equitable share	338 344 000	311 977 000	338 344 000	311 977 000
Finance Management Grant	2 145 000	2 145 000	2 145 000	2 145 000
SETA	636 404	-	636 404	-
Municipal Infrastructure Grant	76 150 621	98 925 621	76 150 621	98 925 621
National - Electrification Grant	9 604 683	10 726 498	9 604 683	10 726 498
EPWP	5 510 000	4 918 000	5 510 000	4 918 000
Cleanest town	193 226	-	193 226	-
	432 583 934	**428 692 119**	**432 583 934**	**428 692 119**

The Municipality does not foresee a significant change in the level of grant funding. Unconditional grants are used to subsidise the provision of basic services to indigent communities. Conditional grants are for operating and capital expenditure. Ohter than the amount unspect, the conditions of the grants have been met.

Unconditional Grants

Equitable Share				
Current year allocation	338 344 000	311 977 000	338 344 000	311 977 000
Transfer to revenue	(338 344 000)	(297 496 413)	(338 344 000)	(297 496 413)
Allocation not received (receivable)	-	(14 480 587)	-	(14 480 587)
Conditions still to be met - transferred to liabilities	-	-	-	-

The equitable share is the unconditional share of the revenue raised nationally and is being allocated in terms of section 214 of the constitution (Act 108 of 1996) to the municipality by the National Treasury.

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Conditional Grants

The grant is targeting communities without primary potable water, mainly attributed by drought. The aim is to provide primary water to a minimum of 25lt per day in the proposed area.

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

SETA

Current year receipts	636 404	-	636 404	-
Conditions met - transfer to revenue	(636 404)	-	(636 404)	-
Conditions still to be met - transferred to liabilities	**-**	**-**	**-**	**-**

The grant is used to pay for training courses. It supplements / augments the funds on the training vote. It is used to fund the primary and secondary skills development facilitators when they are out of the office on skills development related matters.

Municipal Infrastructure Grant

Balance unspent at beginning of year	-	15 830 308	-	15 830 308
Current-year receipts	92 315 000	101 742 000	92 315 000	101 742 000
Conditions met - transferred to revenue	(76 150 621)	(98 925 621)	(76 150 621)	(98 925 621)
VAT on Grant (own Revenue)	(11 422 593)	(13 849 587)	(11 422 593)	(13 849 587)
Administration fee	(4 615 750)	(4 797 100)	(4 615 750)	(4 797 100)
Conditions still to be met - transferred to liabilities	**126 036**	**-**	**126 036**	**-**

Conditions still to be met - remain liabilities (see note 18).

Municipal Infrastructure Grant funds are used to upgrade and build new infrastructure up to a basic level of service as well as to rehabilitate existing infrastructure for the poorest of the poor.

National Electrification Grant

Balance unspent at beginning of year	2 724 846	-	2 724 846	-
Current-year receipts	15 996 000	25 000 000	15 996 000	25 000 000
Conditions met - transferred to revenue	(9 604 683)	(10 726 498)	(9 604 683)	(10 726 498)
VAT on grants	(1 440 703)	(1 529 639)	(1 440 703)	(1 529 639)
Administration fees	-	(1 250 000)	-	(1 250 000)
Roll over not approved	(2 725 000)	-	(2 725 000)	-
Loan repayment	-	(7 738 405)	-	(7 738 405)
Overspending transferred to general expenses	-	(1 030 612)	-	(1 030 612)
Conditions still to be met - transferred to liabilities	**4 950 460**	**2 724 846**	**4 950 460**	**2 724 846**

Conditions still to be met - remain liabilities (see note 18).

The grant was used for electrification of farm labour housing and schools.

Neighbourhood Grant

Balance unspent at beginning of year	-	1 919 413	-	1 919 413
Rolled-over not approved	-	(1 919 413)	-	(1 919 413)
Conditions still to be met - transferred to liabilities	**-**	**-**	**-**	**-**

These funds were used to embellish the entrances of various towns and villages.

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

Cleanest Town

Balance unspent at beginning of year	200 000	-	200 000	-
Current-year receipts	-	200 000	-	200 000
Conditions met - transferred to revenue	(193 226)	-	(193 226)	-
Conditions still to be met - transferred to liabilities	**6 774**	**200 000**	**6 774**	**200 000**

Conditions still to be met - remain liabilities (see note 18).

Funds received through the greenest town competition were used for the construction of a wall for grease and oil trays and traps.

Finance Management Grant

Current-year receipts	2 145 000	2 145 000	2 145 000	2 145 000
Conditions met - transferred to revenue	(2 145 000)	(2 145 000)	(2 145 000)	(2 145 000)
Conditions still to be met - transferred to liabilities	**-**	**-**	**-**	**-**

The Finance Management Grant is paid by National Treasury to municipalities to help implement the finance refroms required by the Municipal Finance Management Act (MFMA), 2003. The Finance Management Grant also pays for the cost of the Financial Management Internship Programme (e.g. Salary cost of the financial management interns).

EPWP Grant

Current-year receipts	5 510 000	4 918 000	5 510 000	4 918 000
Conditions met - transferred to revenue	(5 510 000)	(4 918 000)	(5 510 000)	(4 918 000)
Conditions still to be met - transferred to liabilities	**-**	**-**	**-**	**-**

The expanded public works programme grant was used to increase labour employment through operational programmes that increase job creation and skills development.

The grant is mainly used for rural waste removal.

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

25. Donations received

2018/2019

Greater Tzaneen Municipality received a donation of IT equipment from The Office of the Premier on the 21st of February 2019. The IT equipment was accounted for at cost of R 110 987 as provided by The Office of the Premier.

2017/2018

Greater Tzaneen Municipality received a donation of speed humps from TBC Company on Agatha street on the 13 March 2018. The speed humps were accounted for at cost of R49 272. The cost information was provided by TBC.

Figures in Rand		Economic entity 2019	Economic entity 2018	Controlling entity 2019	Controlling entity 2018
26. Revenue					
Service charges		486 036 172	485 060 405	486 036 172	485 060 405
Rental of facilities and equipment		2 132 853	1 781 896	2 132 853	1 781 896
Interest received (trading)		17 826 053	18 395 501	17 826 053	18 395 501
Agency services		9 254 073	7 988 116	9 254 073	7 988 116
Licences and permits		1 020 674	1 005 867	1 020 674	1 005 867
Other income		27 601 807	30 768 310	27 601 807	30 768 310
Interest received - investment		9 635 572	4 477 920	9 615 814	4 427 275
Property rates		109 160 412	99 289 523	109 160 412	99 289 523
Property rates - penalties imposed		10 022 809	8 203 616	10 022 809	8 203 616
Government grants & subsidies		432 583 934	428 692 119	432 583 934	428 692 119
Grant received - SETA		2 681 114	-	-	-
Public contributions and donations		110 987	49 272	110 987	49 272
Fines	Note 55	32 189 439	37 986 646	32 189 439	37 986 646
Project Management Fees		217 388	-	-	-
		1 140 473 287	**1 123 699 191**	**1 137 555 027**	**1 123 648 546**
The amount included in revenue arising from exchanges of goods or services are as follows:					
Service charges		486 036 172	485 060 405	486 036 172	485 060 405
Rental of facilities and equipment		2 132 853	1 781 896	2 132 853	1 781 896
Interest received (trading)		17 826 053	18 395 501	17 826 053	18 395 501
Agency services		9 254 073	7 988 116	9 254 073	7 988 116
Licences and permits		1 020 674	1 005 867	1 020 674	1 005 867
Other income		27 601 807	30 768 310	27 601 807	30 768 310
Interest received - investment		9 635 572	4 477 920	9 615 814	4 427 275
		553 507 204	**549 478 015**	**553 487 446**	**549 427 370**
The amount included in revenue arising from non-exchange transactions is as follows:					
Taxation revenue					
Property rates		109 160 412	99 289 523	109 160 412	99 289 523
Property rates - penalties imposed		10 022 809	8 203 616	10 022 809	8 203 616
Transfer revenue					
Government grants & subsidies		432 583 934	428 692 119	432 583 934	428 692 119
Grant received - SETA		2 681 114	-	-	-
Public contributions and donations		110 987	49 272	110 987	49 272
Fines		32 189 439	37 986 646	32 189 439	37 986 646
Project Management Fees		217 388	-	-	-
		586 966 083	**574 221 176**	**584 067 581**	**574 221 176**
27. Employee related costs					
Salaries and wages		214 383 288	199 749 674	211 558 810	197 263 207
Social contributions		45 104 955	46 010 629	44 265 273	45 522 664
Travel allowance		12 879 756	11 907 142	12 767 198	11 847 450
Overtime payments		24 770 001	25 484 377	24 754 783	25 477 677
Housing allowances		1 886 391	1 905 268	1 886 391	1 905 268
		299 024 391	**285 057 090**	**295 232 455**	**282 016 266**

No advances were made to employees during the year.

For reclassification of employee cost refer to note 61.

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

Remuneration of Municipal Manager

Annual Remuneration	1 497 396	356 123	1 497 396	356 123
Car Allowance	60 000	15 000	60 000	15 000
Contributions to UIF, Medical and Pension Funds	201 785	49 052	201 785	49 052
Telephone allowance	24 000	5 250	24 000	5 250
	1 783 181	**425 425**	**1 783 181**	**425 425**

The Municipal Manager was appointed on 1 April 2018.

Remuneration of Chief Finance Officer

Annual Remuneration	957 568	147 738	957 568	147 738
Car Allowance	329 364	54 894	329 364	54 894
Contributions to UIF, Medical and Pension Funds	221 652	38 377	221 652	38 377
Telephone allowance	24 000	4 000	24 000	4 000
	1 532 584	**245 009**	**1 532 584**	**245 009**

The Chief Finance Officer was appointed on 1 May 2018.

Director Community Services

Annual Remuneration	1 009 926	238 075	1 009 926	238 075
Car Allowance	72 000	18 000	72 000	18 000
Contributions to UIF, Medical and Pension Funds	179 625	45 858	179 625	45 858
Telephone allowance	24 000	5 000	24 000	5 000
	1 285 551	**306 933**	**1 285 551**	**306 933**

The Director Community Services was appointed on 1 April 2018

Director Engineering Services

Annual Remuneration	892 293	83 869	892 293	83 869
Car Allowance	349 000	25 000	349 000	25 000
Contributions to UIF, Medical and Pension Funds	245 856	2 554	245 856	2 554
Telephone allowance	24 000	2 000	24 000	2 000
	1 511 149	**113 423**	**1 511 149**	**113 423**

The Director Civil Engineering was appointed on 1 June 2018.

Director Planning and Economic Development

Annual Remuneration	987 761	309 433	987 761	309 433
Car Allowance	96 000	32 000	96 000	32 000
Contributions to UIF, Medical and Pension Funds	177 025	61 091	177 025	61 091
Telephone allowance	24 000	-	24 000	-
	1 284 786	**402 524**	**1 284 786**	**402 524**

The Director Planning and Economic Development was appointed on 1 March 2018.

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018
Director Corporate Services				
Annual Remuneration	1 008 401	946 539	1 008 401	946 539
Car Allowance	72 000	72 000	72 000	72 000
Contributions to UIF, Medical and Pension Funds	181 785	192 234	181 785	192 234
Telephone allowance	24 000	14 000	24 000	14 000
Acting allowance	-	74 552	-	74 552
	1 286 186	**1 299 325**	**1 286 186**	**1 299 325**

The Director Corporate Services was appointed with effect from 01 June 2017.

Director Electrical Engineering				
Annual Remuneration	1 111 512	1 040 371	1 111 512	1 040 371
Car Allowance	151 778	151 778	151 778	151 778
Contributions to UIF, Medical and Pension Funds	257 168	269 801	257 168	269 801
Telephone allowance	24 000	14 000	24 000	14 000
Acting allowance	-	173 472	-	173 472
	1 544 458	**1 649 422**	**1 544 458**	**1 649 422**

The Director Electrical Engineering was appointed with effect from 1 April 2017.

28. Remuneration of councillors and board members

Councillors and Board Members				
Mayor	904 434	860 032	904 434	860 032
Executive Committee allowance	2 037 281	1 888 916	2 037 281	1 888 916
Speaker and full-time councillors' allowances	4 872 620	4 614 143	4 872 620	4 614 143
Other councillors and board members' allowances	19 236 191	18 020 477	18 321 967	17 069 321
	27 050 526	**25 383 568**	**26 136 302**	**24 432 412**
Mayor				
Annual remuneration	644 603	619 810	644 603	619 810
Car allowance	214 868	206 603	214 868	206 603
Cellphone allowance	40 800	29 660	40 800	29 660
Contribution to medical aid and pension fund	4 163	3 959	4 163	3 959
	904 434	**860 032**	**904 434**	**860 032**
Speaker				
Annual remuneration	515 681	495 847	515 681	495 847
Car allowance	171 894	165 282	171 894	165 282
Cellphone allowance	40 800	29 660	40 800	29 660
Contribution to medical aid and pension fund	3 386	3 215	3 386	3 215
	731 761	**694 004**	**731 761**	**694 004**

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018
Chief Whip				
Annual remuneration	483 452	464 828	483 452	464 828
Car allowance	161 151	154 953	161 151	154 953
Cellphone allowance	40 800	29 660	40 800	29 660
Contribution to medical aid and pension fund	4 616	3 923	4 616	3 923
	690 019	**653 364**	**690 019**	**653 364**

In-kind benefits

The Mayor, Speaker, Chief WHIP and five Councillors are full-time employees. Each is provided with an office at the cost of the Council.

The Mayor and Speaker have use of Council owned vehicles for official duties.

The Mayor has one full-time secretary, one manager and a gender, youth and disability programme.

The allowances and benefits of councillors of the Municipality, whether financial or in-kind, are within the upper limits of the framework envisaged in section 219 of the Constitution. Refer to Government Gazette nr 41335.

29. Employees remuneration

Councillors - Controlling entity

2019

	Emoluments	Other benefits*	Cellphone allowance	SETA	Total
MS MM Letsoalo	269 703	89 901	40 800	2 648	403 052
MS ML Hlangwane	269 703	89 901	40 800	2 660	403 064
MR D Malemela	61 378	20 459	6 800	658	89 295
MR M Prinsloo	269 703	89 901	40 800	2 636	403 040
MS MM Sekhwela	224 752	74 918	34 000	2 108	335 778
MS MS Tiba	269 703	89 901	40 800	2 647	403 051
MR C Machimana	483 452	161 151	40 800	5 456	690 859
MR GE Ntimbane	483 452	161 151	40 800	4 601	690 004
MR TT Maunatlala	483 452	161 151	40 800	4 574	689 977
MR NJ Mbhalati	483 452	161 151	40 800	4 577	689 980
MR DG Mkhabela	483 452	161 151	40 800	4 620	690 023
MR MG Mangena	644 603	214 868	40 800	4 163	904 434
MISS MJ Mokgolobo	203 993	67 997	40 800	-	312 790
MS SP Masetla	203 993	67 997	40 800	1 458	314 248
MS MS Raganya	203 993	67 997	40 800	1 458	314 248
MR TL Matita	203 993	67 997	40 800	2 046	314 836
MS MM Mohale	203 993	67 997	40 800	2 044	314 834
MR NR Rikhotso	203 993	67 997	40 800	2 044	314 834
MS NH Zandamela	203 993	67 997	40 800	2 043	314 833
MR OK Banyini	203 993	67 997	40 800	2 044	314 834
MR MA Makwela	203 993	67 997	40 800	2 043	314 833
MS RE Pohl	203 993	67 997	40 800	2 043	314 833
MR N Nkhwashu	203 993	67 997	40 800	2 043	314 833
MR TH Mushwane	203 993	67 997	40 800	2 047	314 837
MS MS Baloyi	203 993	67 997	40 800	2 045	314 835
MR J Banyini	203 993	67 997	40 800	2 046	314 836
MR PW Cronje	203 993	67 997	40 800	2 043	314 833
MS DF Kgafane	265 016	6 974	40 800	2 062	314 852
MS MG Kgatla	66 868	22 289	13 909	664	103 730
MS MR Kgatla	203 993	67 997	40 800	2 044	314 834
MR LK Lepulana	203 993	67 997	40 800	2 044	314 834
MR MJ Maake	203 993	67 997	40 800	2 043	314 833

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MR MH Mafokwane	203 993	67 997	40 800	2 046	314 836
MS JT Makhubele	203 993	67 997	40 800	1 534	314 324
MR GP Makhubele	203 993	67 997	40 800	2 043	314 833
MR TE Malatji	203 993	67 997	40 800	2 044	314 834
MR D Malemela	169 994	56 665	34 000	1 638	262 297
MS SM Mapitja	203 993	67 997	40 800	1 526	314 316
MS NP Mathebula	231 235	40 755	40 800	2 584	315 374
MS MM Thlokwa	203 993	67 997	40 800	2 051	314 841
MR NG Maunatlala	203 993	67 997	40 800	2 048	314 838
MR TJ MC Clintock	203 993	67 997	40 800	2 043	314 833
MR MF Mochabela	203 993	67 997	40 800	2 043	314 833
MS FT Mohlaba	203 993	67 997	40 800	2 043	314 833
MR SN Mohonone	203 993	67 997	40 800	2 049	314 839
MS MC Morwatshepe	203 993	67 997	40 800	2 044	314 834
MS TR Mpenyana	203 993	67 997	40 800	1 523	314 313
MR NG Mukansi	203 993	67 997	40 800	2 043	314 833
MR JL Ngobeni	203 993	67 997	40 800	2 043	314 833
MS ET Ngobeni	203 993	67 997	40 800	1 523	314 313
MR SE Ngobeni	203 993	67 998	40 800	2 046	314 837
MR ME Phakula	203 993	67 997	40 800	2 043	314 833
MS SB Ramoshaba	203 993	67 997	40 800	2 044	314 834
MS MO Raolane	203 993	67 997	40 800	2 044	314 834
MS KI Rapatsa	203 993	67 997	40 800	2 045	314 835
MR RS Rapitsi	203 993	67 997	40 800	2 044	314 834
MS JM Ratopola	203 993	67 997	40 800	2 043	314 833
MS MM Sekhwela	33 999	11 333	6 800	393	52 525
MS CT Shisinga	203 993	67 997	40 800	2 044	314 834
MR O Sithole	203 993	67 997	40 800	2 043	314 833
MR PP Machethe	135 252	45 084	27 045	1 717	209 098
MS MF Mbhalati	261 791	87 264	40 800	2 572	392 427
MR SC Makwala	261 791	87 264	40 800	2 565	392 420
MR NA Masila	261 791	87 264	40 800	2 565	392 420
MS ML Pudikabekwa	261 791	87 264	40 800	2 565	392 420
MR PJ Ramodipa	261 791	87 264	40 800	2 584	392 439
MR NM Mahasha	261 791	87 264	40 800	2 573	392 428
MR MM Makwala	261 791	87 264	40 800	2 591	392 446
MR MC Nkwashu	261 391	87 264	40 800	2 611	392 066
MR GM Malatji	261 791	87 264	40 800	2 572	392 427
MS DJ Mmetle	515 681	171 894	40 800	3 386	731 761
MR CS Nhemo	483 435	161 161	40 800	4 628	690 024
	17 455 703	**5 701 007**	**2 815 354**	**164 238**	**26 136 302**

Notes to the Consolidated Financial Statements

Figures in Rand

2018

	Emoluments	Other benefits*	Pension paid or receivable	Compensation for loss of office	Total
Letsoalo MM	259 330	86 443	29 660	2 256	377 689
Hlangwai ML	259 330	86 443	29 660	2 258	377 691
Prinsloo M	259 330	86 443	29 660	2 489	377 922
Sekhwela MM	259 330	86 443	29 660	2 489	377 922
Tiba MS	259 330	86 443	29 660	2 257	377 690
Maunatlala TT	464 858	154 953	29 660	4 347	653 818
Mbhalati NJ	464 858	154 953	29 660	4 345	653 816
Mkhabela DG	464 858	154 953	29 660	3 711	653 182
Machiman C	464 858	154 953	29 660	3 221	652 692
Ntimbane GE	464 858	154 953	29 660	3 794	653 265
Mangena MG	619 810	206 603	29 660	3 958	860 031
Mjmokg SS	196 147	65 382	29 660	-	291 189
Masetla SP	196 147	65 382	29 660	1 356	292 545
Raganya MS	196 147	65 382	29 660	1 356	292 545
Matitia TL	196 147	65 382	29 660	1 745	292 934
Mohale MM	196 147	65 382	29 660	1 742	292 931
Rikhotso NR	196 147	65 382	29 660	1 742	292 931
Zandamel NH	196 147	65 382	29 660	1 742	292 931
Banyini OK	196 147	65 382	29 660	1 742	292 931
Makwela MA	196 147	65 382	29 660	1 742	292 931
Pohi RE	196 147	65 382	29 660	1 919	293 108
Nkhwashi N	196 147	65 382	29 660	1 919	293 108
Mashuwan TH	196 147	65 382	29 660	1 742	292 931
Baloyi MS	196 147	65 382	29 660	1 742	292 931
Banyini J	196 147	65 382	29 660	1 742	292 931
Cronje PW	196 147	65 382	29 660	1 919	293 108
Kgafane DF	192 147	65 382	29 660	2 014	289 203
Kgatla MG	196 147	65 382	29 660	1 742	292 931
Kgatla MR	196 147	65 382	29 660	1 743	292 932
Lepulana LK	196 147	65 382	29 660	1 742	292 931
Maake MJ	196 147	65 382	29 660	1 919	293 108
Mafokwane MH	196 147	65 382	29 660	1 743	292 932
Makhubele JT	196 147	65 382	29 660	1 400	292 589
Makhubele GP	196 147	65 382	29 660	1 741	292 930
Malatji TE	196 147	65 382	29 660	1 742	292 931
Malamela D	196 147	65 382	29 660	1 919	293 108
Mapitja SM	196 147	65 382	29 660	1 421	292 610
Mathebula NP	196 147	65 382	29 660	2 235	293 424
Thokwa MM	196 147	65 382	29 660	1 742	292 931
Maunatlala NG	196 147	65 382	29 660	1 743	292 932
Mc Clintock TJ	196 147	65 382	29 660	1 919	293 108
Mochabela MF	196 147	65 382	29 660	1 919	293 108
Mohlaba FT	196 147	65 382	29 660	1 742	292 931
Mohonone SN	196 147	65 382	29 660	1 919	293 108
Morwatshehla MC	196 147	65 382	29 660	1 742	292 931
Mpenyana TR	196 147	65 382	29 660	1 420	292 609
Mfukanwsi NG	196 147	65 382	29 660	1 919	293 108
Ngobeni JL	196 147	65 382	29 660	1 919	293 108
Ngobeni ET	196 147	65 382	29 660	1 420	292 609
Ngobeni SE	196 147	65 382	29 660	1 743	292 932
Phakula ME	196 147	65 382	29 660	1 919	293 108
Ramashaba SB	196 147	65 382	29 660	1 742	292 931
Raolane MO	196 147	65 382	29 660	1 919	293 108
Rapatsa KI	196 147	65 382	29 660	1 742	292 931
Rapitsi RS	196 147	65 382	29 660	1 742	292 931

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Ratopola JM	196 147	65 382	29 660	2 248	293 437
Shishinga CT	196 147	65 382	29 660	1 743	292 932
Sithole O	196 147	65 382	29 660	1 919	293 108
Mbhalati MF	251 722	83 907	29 660	2 196	367 485
Makwela SC	251 722	83 907	29 660	2 193	367 482
Masila NA	251 722	83 907	29 660	2 193	367 482
Pudikabek ML	251 722	83 907	29 660	2 193	367 482
Ramodipa PJ	251 722	83 907	29 660	2 194	367 483
Mahasha NM	251 722	83 907	29 660	2 194	367 483
Makwala MM	251 722	83 907	29 660	2 196	367 485
Nkwashu MC	249 922	83 907	29 660	2 196	365 685
Malatji GM	251 722	83 907	29 660	2 421	367 710
Mmetle DJ	495 847	165 316	29 660	3 215	694 038
Nhemo CS	464 828	154 953	29 660	3 923	653 364
	16 680 032	**5 561 969**	**2 046 540**	**143 871**	**24 432 412**

	2019	2018
Remuneration of board fees - GTEDA	914 224	951 156

	Economic entity - 2019	Economic entity - 2018	Controlling entity - 2019	Controlling entity - 2018
Total remuneration of councillors and board members	**27 050 526**	**25 383 568**	**26 136 302**	**24 432 412**

30. Impairment loss

Impairments				
Property, plant and equipment	4 399 272	2 839 900	4 399 272	2 839 900

In terms of GRAP21, "Impairment of non-cash generating assets", Municipalities are required to assess the impairment of its assets to comply with GRAP standards and asset management policy. Greater Tzaneen Municipality has assessed the impairment of its assets for the financial year ended 30 June 2019. The assessment of impairment of assets has resulted in an impairment loss of R 4 399 272 (2018: R 2 839 900) as a result significant loss in carrying amount of electricity infrastructure of R 3 745 124 due to physical damage and roads infrastructure of R 654 148 due to signficant change is condition.

31. Finance costs

Finance leases	1 012 410	866 616	1 012 410	866 616
Other interest paid	10 961 350	11 107 653	10 961 350	11 107 653
	11 973 760	**11 974 269**	**11 973 760**	**11 974 269**

32. Repairs and maintenance

Machinery and equipment	76 119	61 900	76 119	61 900
Lawnmowers	82 979	38 843	82 979	38 843
Distribution networks	14 589 708	13 882 020	14 589 708	13 882 020
Stormwater, drainage and bridges	857 206	126 500	857 206	126 500
Tarred roads	9 105 738	11 420 950	9 105 738	11 420 950
Gravel roads	11 332 065	11 986 290	11 332 065	11 986 290
Street lights	312 666	303 012	312 666	303 012
Council-owned buildings	1 381 593	1 908 975	1 381 593	1 908 975
Council owned vehicles	3 909 148	3 583 086	3 909 148	3 583 086
Other	720 178	1 787 838	510 684	1 620 538
	42 367 400	**45 099 414**	**42 157 906**	**44 932 114**

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

33. Bulk purchases

Electricity - Eskom	348 443 869	325 455 993	348 443 869	325 455 993

Bulk purchases are the cost of electricity not generated by the Municipality. The electricity which is purchased from Eskom is sold to consumers.

Water purchases are not included in bulk purchases as the Municipality acts as resource provider for Mopani District Municipality with regards to this service. Mopani District Municipality is the water and sewer service authority and those services reflect in their records.

34. Contracted services

Valuation roll	437 342	674 097	437 342	674 097
Traffic and security services	14 965 651	14 796 413	14 965 651	14 796 413
Refuse removal	12 875 846	11 993 588	12 875 846	11 993 588
Cleaning services	12 606 749	11 064 628	12 606 749	11 064 628
Council owned land	980 332	1 963 316	980 332	1 963 316
Information technology	1 176 365	933 933	1 176 365	933 933
Meter reading	842 498	1 348 490	842 498	1 348 490
Town planning	496 952	250 758	496 952	250 758
Aerodrum	28 060	-	28 060	-
EPWP	4 033 010	2 500 000	4 033 010	2 500 000
Credit control	2 992 638	2 525 325	2 992 638	2 525 325
	51 435 443	**48 050 548**	**51 435 443**	**48 050 548**

35. Grants and subsidies paid

Other subsidies				
HPH	-	594 188	-	594 188
Other grants	39 621 982	102 856 003	39 621 982	102 856 003
Eskom EBSST	3 304 042	3 067 047	3 304 042	3 067 047
Mayor bursary account	620 837	520 526	620 837	520 526
SPCA	156 000	130 000	156 000	130 000
Sport Council	106 644	106 644	106 644	106 644
SETA (Training)	636 404	-	636 404	-
Mayor special account	341 452	194 962	341 452	194 962
Museum	-	33 326	-	33 326
Solid waste: EPWP	5 510 000	4 918 000	5 510 000	4 918 000
	50 297 361	**112 420 696**	**50 297 361**	**112 420 696**

The mayor's bursary account is in respect of providing bursaries for further tertiary education.

Other grants are summarized as follows				
Finance Mangement Grant	2 145 000	2 191 787	2 145 000	2 191 787
Integrated National Electrification programme (INEP) (DBSA project)	857 572	152	857 572	152
MIG project transfer to RAL	27 014 727	90 780 489	27 014 727	90 780 489
Integrated National Electrification programme (INEP)	9 604 683	9 883 575	9 604 683	9 883 575
	39 621 982	**102 856 003**	**39 621 982**	**102 856 003**

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

36. General expenses

Auditor's remuneration	6 569 551	3 628 094	5 780 394	3 448 595
Computer rental	972 965	706 301	972 965	706 301
Consulting fees	39 480 314	25 957 880	39 147 870	25 422 561
Consumables	1 277 783	1 391 511	1 276 761	1 388 110
Fines and penalties	351 828	270 012	-	-
Fuel and oil	11 402 836	9 165 920	11 402 836	9 165 920
Postage and courier	598 849	616 604	598 255	616 394
Printing and stationery	1 780 762	1 740 128	1 748 128	1 721 828
Protective clothing	950 130	892 309	950 130	892 309
Project maintenance costs	3 253 158	724 796	-	-
Telephone and fax	2 302 205	1 632 963	2 145 797	1 479 118
Training	2 854 223	1 961 744	2 854 223	1 898 615
Travel - local	7 566 484	9 477 187	7 331 213	9 149 276
Insurance	3 049 642	8 134 125	3 033 399	8 118 013
Membership fees - Salga	3 089 866	2 868 915	3 089 866	2 868 915
Telephone exchange rental	40 461	366 677	40 461	366 677
Public relations, tourism and marketing	1 622 391	1 987 573	8 457 173	8 242 223
Small tools and equipment	676 436	377 304	676 436	377 304
Lease rentals on operating leases	849 498	1 352 688	504 173	1 047 349
Bank administration fees	1 772 510	1 693 588	1 772 510	1 693 588
Licences and permits	2 139 162	1 039 817	2 139 162	1 039 817
Cultural day	903 826	976 432	903 826	976 432
Other expenses	27 206 871	18 534 679	26 819 855	17 050 994
	120 711 751	**95 497 247**	**121 645 433**	**97 670 339**
Other general expenditure is summarized as follows				
Water and sewerage expenses	13 818 841	7 538 330	13 818 841	7 538 330
Interest paid	4 795 678	3 520 073	4 795 678	3 520 073
Electricity	1 215 177	956 941	1 215 177	956 941
Insurance excess payment	1 012 321	12 898	1 012 321	12 898
Other expenses	6 364 854	6 506 437	5 977 838	5 022 752
	27 206 871	**18 534 679**	**26 819 855**	**17 050 994**

Refer to note 61 for prior year reclassification details of general expense items.

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

37. Cash generated from operations

Deficit	(78 123 979)	(89 406 195)	(76 991 246)	(87 427 870)
Adjustments for:				
Depreciation and amortisation	127 793 108	127 696 818	127 724 087	127 654 034
Loss on disposal of property, plant and equipment	2 201 607	25 924 361	2 201 607	25 924 361
Fair value adjustments	-	(11 004 300)	-	(11 004 300)
Finance costs - Finance leases	1 012 410	866 616	1 012 410	866 616
Impairment deficit	4 399 272	2 839 900	4 399 272	2 839 900
Debt impairment	132 298 457	116 939 752	132 298 457	116 939 752
Movements in operating lease assets and accruals	20 975	(23 541)	20 975	(23 541)
Movements in retirement benefit assets and liabilities	(2 346 845)	(401 581)	(2 346 845)	(401 581)
Movements in provisions	965 597	259 427	965 597	259 427
Transfer of property, plant and equipment (non-cash item)	64 509 821	75 728 464	64 509 821	75 728 464
Changes in working capital:				
Inventories	1 002 085	(4 411 218)	1 002 085	(4 411 218)
Receivables from exchange transactions	(34 434 711)	(42 681 805)	(34 433 555)	(42 710 805)
Consumer debtors	(44 611 892)	(70 615 917)	(44 611 892)	(70 615 917)
Other receivables from non-exchange transactions	(30 381 351)	(32 433 398)	(29 661 351)	(32 433 398)
Payables from exchange transactions	20 277 866	29 668 089	19 761 726	29 799 887
VAT	4 440 777	4 982 488	3 607 745	2 977 048
Unspent conditional grants and receipts	2 158 425	(14 824 875)	2 158 425	(14 824 875)
Consumer deposits	209 544	3 729 078	209 544	3 729 078
	171 391 166	**122 832 163**	**171 826 862**	**122 865 062**

38. Auditors remuneration

Fees - Auditor General of South Africa	6 569 551	3 628 094	5 780 394	3 448 595

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

39. Commitments

Authorised expenditure

Already contracted for but not provided for				
• Property, plant and equipment	128 705 576	13 600 982	128 705 576	13 600 982
• Internal Audit (GTEDA)	73 099	125 731	-	-
• IT Support (GTEDA)	44 170	23 940	-	-
• Cellphone (GTEDA)	52 118	22 200	-	-
• Panasonic - copier rental (GTEDA)	52 734	110 262	-	-
• Other financial assets	100 165 025	60 915 727	100 165 025	60 915 727
	229 092 722	**74 798 842**	**228 870 601**	**74 516 709**
Total commitments				
Already contracted for but not provided for	229 092 722	74 798 842	228 870 601	74 516 709
Total commitments				
Total commitments				
Authorised capital expenditure	228 870 601	74 516 709	228 870 601	74 516 709
Authorised operational expenditure	222 121	282 133	-	-
	229 092 722	**74 798 842**	**228 870 601**	**74 516 709**

Capital commitments represent future, capital expenditure. The Municipality has an obligation to spend these amounts due to signed contracts with suppliers and approval as per the Medium-Term Revenue and Expenditure Framework (MTREF).

Cathu Consulting is an Internal Audit Company re-appointed for a period of two years from 07 January 2018 to 31 January 2020 for provision of internal audit services and the commitment amount is R 73 099.42.

Bohlabelo Computers is an IT support contract at R 6 310 per month for a period of 12 months from 01/02/2019 to 31/01/2020.

Vodacom cellular phone contract for the following official, contracted for 24 months:
Project Manager (29/04/2019 to 30/05/2021). R 2 369 p.m.

Panasonic is a company contracted for the rental of copier machine at R 4 794 per month for a period of three years (1/06/2017 to 30/05/2020).

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

The expenditure will be financed by:				
Internal advances	86 216 461	61 580 728	86 216 461	61 580 728
MIG grants	128 705 576	12 935 981	128 705 576	12 935 981
DBSA loan	13 948 564	-	13 948 564	-
Operating funds - GTEDA	222 121	282 133	-	-
	229 092 722	**74 798 842**	**228 870 601**	**74 516 709**

40. Contingencies

Contingent liabilities

Contractual disputes

Various contractual claims by contractors' suppliers and staff are currently in dispute, and are subject to mediation. The potential extent of the liability cannot be determined, since it is subject to litigation. The provisional estimate based on management assessment is R 55 million. The merits must still be determined and could result in a lesser or greater amount.

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018
Malunga Tax Consultants vs Greater Tzaneen Municipality In 2015 Malunga Tax Consultatnt sued the Municipality for not honouring payment of services rendered in respect of review and recover of VAT, SDL, UIF and PAYE, the matter is still pending in High Court. The actual amount claimed as per the summons and estimated legal fees for the matter is indicated in 2019 and in 2018 was an estimation of how much the claim would cost	6 955 609	7 896 584	6 955 609	7 896 584
Siphiwe Engineering and Technologies vs Greater Tzaneen Municipality The Municipality is being sued by Siphiwe Engineering Technologies for unlawful termination of contract for services of upgrading of electrical network, the matter is still pending at the Arbitration stage from 2017. However, the Municipality made an application in terms of section 33 of the Arbitration Act 42 of 1965 against Siphiwe Engineering Technologies CC and His Lordship Retired MR Justice Zulman in High Court. The application involves a setting aside of an award granted in the amount of R 10 594 144.74 which is included in the contingent liability of 2019 and also the estimated legal fees for this matter	11 694 144	1 200 000	11 694 144	1 200 000
Mapheto Business Enterprise vs Greater Tzaneen Municipality The Municipality is being sued for unlawful termination of contract for provision of physical security services, the matter was settled in the High Court	-	27 000 000	-	27 000 000
Letaba Pakkers vs Greater Tzaneen Municipality The Municipality is being sued for damage of electrical equipment which was caused by electrical surge within the jurisdiction of Greater Tzaneen opertated by the Municipality, the matter is pending in the Magistrate Court from 2017. The actual amount claimed as per the particulars of claim and estimated legal fees is clearly indicated in 2019 and in 2018 was an estimation of how much the damages would cost	625 969	170 000	625 969	170 000
C Van Der Merwe vs Greater Tzaneen Municipality				

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018
Mrs C Van Der Merwe who was the employee of the Municipality is suing the institution for an insurance claim that was not paid after a valid claim was instituted due to an accident which happened while she was employed by Council. The matter is still pending in the High Court. The contingent liability of 2019 for this matter includes the actual amount claimed and estimated legal fees for the matter	1 366 511	916 511	1 366 511	916 511
Hlimbyi Trading Enterprise vs Greater Tzaneen Municipality Hlimbyi is suing the Municipality for unlawful termination of contract for provision of physical security contract, the matter is pending in the High Court from 2015. The actual amount claimed as per the summons and estimated legal fees for the matter is indicated in 2019 and in 2018 was an estimation of how much the claim would cost	32 564 330	27 307 440	32 564 330	27 307 440
Thabo Molepo vs Greater Tzaneen Municipality In 2009, Mr Thabo Molepo sued the Municipality for unlawful arrest which was caused by the conduct of the Municipal Traffic Officer, the case had been settled pending finalisation by the High Court as per court order.	-	100 000	-	100 000
Greater Tzaneen Municipality vs Phinnet In 2009, Mr Thabo Molepo sued the Municipality for unlawful arrest which was caused by the conduct of the Municipal Traffic Officer, the case had been settled pending finalisation by the High Court as per court order.	-	1 200 000	-	1 200 000
Maria Malatji vs Greater Tzaneen Municipality In 2015, Ms Maria Malatji sued the municipality for damages to her property as a result of floods. The matter is pending in the Hight Court. The actual amount claimed as per the summons and estimated legal fees for the matter is indicated in 2019 and in 2018 was an estimation of how much the claim would cost	1 150 000	3 000 000	1 150 000	3 000 000
Bernado Tounge vs Greater Tzaneen Municipality In 2015, Bernado Tounge sued the Municipality for damages to his property as a result of floods. The matter is pending in the High Court. The actual amount claimed as per the summons and estimated legal fees for the matter is indicated in 2019 and in 2018 was an estimation of how much the claim would cost.	1 150 000	300 000	1 150 000	300 000

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018
	55 506 563	**69 090 535**	**55 506 563**	**69 090 535**

Contingent assets

Outstanding insurance claims

The estimated contingent asset for insurance claims amounts to R 276 088 (2018: R 4 987 000). The estimation is based on quotations, medical reports, estimates based on previous claims of similar nature, estimates by management and letters of demand received. The merits must all still be determined and could result in a lesser or greater amount. A detailed insurance register is available at the municipality for inspection.

Contractual disputes

Phadima Group Holding and Greater Tzaneen Municipality are currently in dispute. The potential extent of the asset cannot be determined, since it is subject to litigation. The provisional estimate based on management assessment is R 912 800. The merits must still be determined and could result in a lesser or greater amount.

Phadima Group Holding vs Greater Tzaneen Municipality On or during the 2007 to 2009, the parties (the Municipality and Phadima Phadima) entered into three written agreements with regards to the development of an immovable property known as Avis Park Extension 53, Tzaneen ("The Property")	912 800	912 800	912 800	912 800

Other Contingent Liabilities in GTEDA
Mushwana vs GTEDA in the High Court of SA
Case No: JR142/16

Mr A. Mushwana was dismissed with effect from 18 May 2015 as a sanction of the disciplinary hearing. Subsequently, Mr A Mushwana approached the Labour court of South Africa pleading for arbitration sanction following the outcomes of the disciplinary hearing Mr. A Mushwana further requested for reasons for dismissal from the Labour court to prepare for an appeal since 2017. The case is continuing and the potential extend of the liability cannot be determined at this stage.

Subsequently, Mr A. Mushwana proceeded the matter to the High Court in terms of the provisions of section 145 of the Labour Relations Act 66 of 1995, for an order to review and set aside the CCMA ruling awarded in favour of GTEDA. The potential extent of the liability cannot be determined at this stage.

Mushwana vs GTEDA in the Tzaneen Magistrate Court
Case No: 2834/15

Subsequent to Mr. A Mushwana's dismissal, he approached the Court for the Subdistrict of Tzaneen pleading for compensation for his alleged bonus. An agreement was reached with legal representatives of the employee with his concern, a settlement amount was agreed us.

The contingent liability is R 103 000.

Output VAT on Grants

Provision for VAT payable has been made. This is a result of the Entity not declaring output VAT on grants received from its funders i.e. the Greater Tzaneen Municipality and Industrial Development Corporation.

Penalties and interest have been accrued.

41. Related parties

Relationships/Management

Municipal Manager	BS Matlala
Chief Financial Officer	MP Makhubela
Director Community Services	HA Nkuna
Director Civil Engineering	CW Molokomme
Director Corporate Services	W Shibamba
Director Electrical Engineering	MS Lelope
Director Planning and Economic Development	B Mathebula
Councillors	Refer to Note 29 for list of councillors

No member of the Municipality's management has significant influence over the financial or operating policies of the Municipality.

No business transactions took place between the Municipality and key management personnel.

All Councillors have disclosed their interest in related parties and no one has the ability to control or exercise significant influence over the Council in making financial and operational decisions. Councillors are remunerated according to the Remuneration of Public Office Bearears Act 20 of 1998 and only have collective executive powers for planning, directing and controlling the activities of the Municipality.

Loans granted to related parties

In terms of the MFMA the Municipality may not grant loans to its councillors, management, staff and public with effect from 1 March 2004. Loans granted prior to this date as well as stand sale arrangement are disclosed in note 4 to the annual financial statements.

GTEDA

GTEDA is a Municipal Entity Established by Greater Tzaneen Municipality and performs the function consistent with that of an entity and cannot control or influence council in making financial or operational decisions

The value of the grant paid over to GTEDA during the year under review amounts to R 6 834 783 (2018: R 6 254 650), excluding VAT.

Mopani District Municipality

Greater Tzaneen Municipality acts as the service provider for Mopani District Municipality (MDM) with regards to the water and sewer services. Mopani District Municipality is the water and sewer service authority and those services reflect in their records. Mopani District Municipality has no control over the council of Greater Tzaneen Municipality and cannot influence council in making financial or operational decisions.

The balance owing by MDM to GTM at year end amounts R237 639 646 (2018: R 209 840 260)

Section 57 Managers and Councillors

Refer to note 27 for detail of remuneration paid to Section 57 Managers and to note 29 for remuneration paid to Councillors.

Bids awarded to family of employees in service of state.
In terms of Section 45 of the municipal supply chain management regulations any award above R 2 000 to family of employees in the service of the state must be disclosed in the annual financial statements.

The following is a list as recorded:

Name of person	Capacity in which the person	Successful tenderer	Amount is in service
H. Maake	Manager in Human Resources	Baobab Trading	R 130 955
H. Maake	Manager in Human Resources	White Hall Tradings and Projects 64	R 398 208
XP. Sibisi	Compliance Officer	Rivisi Electrical Contractors	R 10 693 694
H. Maake	Manager in Human Resources	Keteka Trading CC	R 67 250
			R 11 290 107

Notes to the Consolidated Financial Statements

Figures in Rand

42. Risk management

Financial risk management

Exposure to liquidity, credit, interest rate and currency risk arises in the normal course of the Municipality's operations. This note presents information about the municipaly's exposure to each of the above risks and processes for measuring and managing risks. Quantative disclosures are included in these financial statements.

Liquidity risk

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The Municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. The Municipality's policy on counterpart credit exposures ensures that only counterparties of a high credit standing are used for the investments of any excess cash.

Cash flow forecasts are prepared and adequately utilised borrowing facilities are monitored.

The table below analyses the Municipality's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant at 30 June 2018.

Economic entity

At 30 June 2019	Less than 1 year	Between 1 and 5 years
Other financial liabilities	21 670 248	110 645 166
Finance lease obligation	2 978 540	3 551 484
Payables from exchange transactions	229 456 493	-

At 30 June 2018	Less than 1 year	Between 1 and 5 years
Other financial liabilities	9 585 798	92 456 572
Finance lease obligation	824 306	602 667
Payables from exchange transactions	209 178 633	-

Controlling entity

At 30 June 2019	Less than 1 year	Between 1 and 5 years
Other financial liabilities	21 670 248	110 645 166
Finance lease obligation	2 978 540	3 551 484
Payables from exchange transactions	228 765 997	-

At 30 June 2018	Less than 1 year	Between 1 and 5 years
Other financial liabilities	9 585 798	92 456 572
Finance lease obligation	824 306	602 667
Payables from exchange transactions	209 004 273	-

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The Municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Potential concentrations of credit rate risk consist mainly of investments, loans, trade receivables and other receivables, short-term investment deposits and cash and cash equivalents.

The Municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction/ exposure limits, which are included in the Municipality's Investments Policy.

Trade receivables comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these customers. Trade receivables are presented net of an allowance for impairment and where appropriate, credit limits are adjusted.

Credit risk pertaining to trade and other debtors is considered to be moderate due to the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers.

In the case of customers whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of interest charges", "demand for payment", "restriction of services" and, as a last resort, " handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Non-current Receivables and Other Receivables are collectively evaluated annually at reporting date for impairment or discounting. A report on the various categories of customers is drafted to substantiate such evaluation and subsequent impairment / discount, where applicable.

No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents is considered to be low, the maximum exposure is disclosed below.

The maximum credit and interest risk exposure in respect of the relevant financial instruments are as follows:

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	Economic entity - 2019	Economic entity - 2018	Controlling entity - 2019	Controlling entity - 2018
Receivables from exchange transactions	259 359 145	233 089 314	259 352 675	233 083 995
Receivables from non-exchange transactions	37 553 080	43 961 106	36 833 080	43 961 106
Cash and cash equivalents	42 128 293	8 056 255	42 033 011	7 490 665
Consumber debtors	92 609 071	135 341 384	92 609 071	135 341 384
Other financial assets	33 702 729	29 335 286	33 702 729	29 335 286

The method for determining the credit quality of the different financial instruments are disclosed in their individual notes.

Market risk

Market risk is the risk that changes in market prices such as interest rates and foreign exchange rates affecting the Municipality's income or the value of its financial instrument holdings. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return on the risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Municipality is exposed to interest rate risk on its investments and long term borrowings.

A sensitivity analysis is done by the Municipality on a continuous bases to determine its potential exposure to interest rate charges. Different scenarios are simulated which include renewal of current position and alternative financing. Based on those scenarios the municipality calculates the impact that a change in interest rate will have on the surplus / deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

This risk is managed by investing in investments with different maturity dates. This enables the Municipality to re-allocate some of the investments in the event of major fluctuations in interest rates. Borrowings issued at variable rates expose the Municipality to cash flow interest rate risk. Borrowings at fixed rates expose the Municipality to fair value interest rate risk.

Price risk

The effect of any price risk in the foreseeable future is regarded as minimal given the fact that amounts receivable from the Municipality's customers are levied in terms of the relevant statutes. It is not anticipated that given the nature of the Municipality's business, changes in the market prices will have a material impact on the trading results of the Municipality.

Risk is managed on an ongoing basis.

There has been no change, since the previous financial year to the municipality exposure to market risks on the manner which it manages and measures the risk.

43. Going concern

The consolidated financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the Municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the Accounting Officer continue to procure funding for the ongoing operations for the Municipality.

44. Unauthorised expenditure

	Economic entity - 2019	Economic entity - 2018	Controlling entity - 2019	Controlling entity - 2018
Opening balance	111 909 226	61 379 545	111 909 226	61 379 545
Unauthorised expenditure for the year (overspending of budget)	83 025 989	111 909 226	83 025 989	111 909 226
Unauthorised expenditure condoned by council	(111 909 226)	(61 379 545)	(111 909 226)	(61 379 545)
Unauthorised expenditure awaiting condonement	**83 025 989**	**111 909 226**	**83 025 989**	**111 909 226**

Unauthorised expenditure for the year is as a result of overspending of the approved budget.

The operational budget was exceeded on vote level which is summarised as follows:

Unauthorised expenditure	Economic entity - 2019	Economic entity - 2018	Controlling entity - 2019	Controlling entity - 2018
Financial Services	78 294 401	103 583 886	78 294 401	103 583 886
Electrical engineering services	4 731 588	-	4 731 588	-
Corporate services	-	2 747 352	-	2 747 352
Planning and economic development (PED	-	222 070	-	222 070
Engineering services	-	5 355 918	-	5 355 918
	83 025 989	**111 909 226**	**83 025 989**	**111 909 226**

A detailed list of unauthorised expenditure is available at the Municipality for inspection.

Overspending of R 646 371 on the Municipal Managers budget was approved by Council.

The overspending of R 83 025 989 is mainly as a result of provision for impairment.

No criminal or disciplinary steps have been taken as a consequence of above expenditure.

The unauthorised expenditure has been tabled to council and will investigated by a committee of council.

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

45. Fruitless and wasteful expenditure

Opening balance	13 866 868	7 395 508	13 524 312	7 327 483
Fruitless and wasteful expenditure	5 147 506	2 826 020	4 795 678	2 551 489
Fruitless and wasteful expenditure - prior year	-	3 645 340	-	3 645 340
Fruitless and wasteful expenditure written off (2015/2016)	(943 172)	-	(943 172)	-
Fruitless and wasteful expenditure written off (2016/2017)	(6 060 039)	-	(6 060 039)	-
Fruitless and wasteful expenditure written off (2017/2018)	(4 868 884)	-	(4 868 884)	-
Fruitless and wasteful expenditure condoned (28 March 2019)	(342 828)	-	-	-
Fruitless and wasteful expenditure awaiting condonement	**6 799 451**	**13 866 868**	**6 447 895**	**13 524 312**

The fruitless and wasteful expenditure has been tabled to council and was investigated by a committee of Council.

A detailed list of fruitless and wasteful expenditure is available at the Municipality for inspection.

No criminal or disciplinary steps have been taken as a consequence of above expenditure.

The investigation results, resulted in the fruitless and wasteful expenditure tabled to council be condoned and written off.

The Fruitless and Wasteful Expenditure Report was referred to the Finance and Risk Committee for investigation,was escalated to MPAC, and subsequently the expenditure was condoned by the Board.

46. Irregular expenditure

Opening balance	104 904 598	92 588 505	104 827 940	92 575 025
Add: Irregular expenditure - current year	7 438 134	12 316 093	7 438 134	12 252 915
Irregular expenditure condoned 2015/2016	(39 460 428)	-	(39 460 428)	-
Irregular expenditure condoned 2016/2017	(27 178 275)	-	(27 178 275)	-
Irregular expenditure condoned 2017/2018	(12 252 915)	-	(12 252 915)	-
Irregular expenditure condoned 2018/2019	(76 658)	-	-	-
Irregular expenditure written off 2016/2017	(547 657)	-	(547 657)	-
Irregular expenditure awaiting condonement	**32 826 799**	**104 904 598**	**32 826 799**	**104 827 940**

Analysis of expenditure awaiting write off per age classification

Current year	7 438 134	12 316 093	7 438 134	12 252 915
Prior years	25 388 665	92 588 505	25 388 665	92 575 025
	32 826 799	**104 904 598**	**32 826 799**	**104 827 940**

No criminal or disciplinary steps have been taken as a consequence of the above expenditure.

A detailed list of irregular expenditure is available at the Municipality for inspection

The irregular expenditure has been tabled to Council and was investigated by a committee of Council.

Alleged irregular expenditure under investigation

The investigation process has been concluded and the irregular expenditure disclosed have been condoned and written off by Council.

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

47. Additional disclosure in terms of Municipal Finance Management Act

Contributions to SALGA

Current year subscription / fee	3 430 171	3 166 801	3 430 171	3 166 801
Amount paid - current year	(3 430 171)	(3 166 801)	(3 430 171)	(3 166 801)
	-	-	-	-

Skills Development Levy

Current year subscription / fee	3 253 821	2 545 276	3 220 392	2 515 609
Amount paid - current year	(3 253 821)	(2 545 276)	(3 220 392)	(2 515 609)
	-	-	-	-

Audit fees

Current year subscription / fee	6 569 551	3 628 094	5 780 394	3 448 595
Amount paid - current year	(6 569 551)	(3 628 094)	(5 780 394)	(3 448 595)
	-	-	-	-

PAYE and UIF

Current year subscription / fee	68 485 788	60 588 125	66 750 919	59 604 866
Amount paid - current year	(68 485 788)	(60 588 125)	(66 750 919)	(59 604 866)
	-	-	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	73 657 675	69 239 043	73 657 675	69 239 043
Amount paid - current year	(73 657 675)	(69 239 043)	(73 657 675)	(69 239 043)
	-	-	-	-

Bargaining Council Levy

Current year levy	146 038	137 389	146 038	137 389
Amount paid - current year	(146 038)	(137 389)	(146 038)	(137 389)
	-	-	-	-

VAT

VAT payable	46 813 943	42 373 166	39 960 827	36 353 082

VAT output payables and VAT input receivables are shown in note 16.

All VAT returns have been submitted by the due date throughout the year.

Councillors

Arrear consumer accounts

30 June 2019

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2019:

	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor: MJ Maake	503	-	503

30 June 2018

The following Councillor had an arrear account outstanding for more than 90 days at 30 June 2018

	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor: JT Makhubele	1 294	74 191	75 485
Councillor: C Machimana	1 868	598	2 466
Councillor: FT Mohlaba	987	675	1 662
	4 149	**75 464**	**79 613**

48. Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved by the Accounting Officer and noted by Council. The expenses incurred have been approved.

49. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government Gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the Accounting Officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the Council and includes a note to the consolidated financial statements.

The rewards listed below have been approved by the Accounting Officer and noted by Council.

The classification of deviations:	**Economic entity - 2019**	**Economic entity - 2018**	**Controlling entity - 2019**	**Controlling entity - 2018**
Emergencies on service delivery	6 576 924	4 498 555	6 576 924	4 498 555
Deviations on appointment alternative service providers due to current service providers having pending litigations with the Municipality	7 547 436	13 128 194	7 547 436	13 128 194
Deviation on general internal SCM operations	73 250	2 676 644	-	2 676 644
	14 197 610	**20 303 393**	**14 124 360**	**20 303 393**

All deviations considered by the Accounting Officer are processed in terms of the Supply Chain Management Regulations and the Supply Chain Management Policy. This process entails being assessed by the supply chain management bid adjudication committee in terms of the stipulated criteria of emergency procurements or circumstances where it is impractical or impossible to follow the official procedures.

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

An amount of R 73 250 were procured for accounting services by GTEDA during the financial year under review and the process followed in procuring those services deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the Accounting Officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

A detailed deviation register is available at the Municipality for inspection.

50. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	132 315 414	102 042 370	132 315 414	102 042 370

External loans have been utilized in accordance with the Municipal Finance Management Act. Refer to note 13 for more detail regarding long-term borrowings.

51. Distribution losses

Units purchased (kWh)	375 039 517	377 371 088	375 039 517	377 371 088
Units lost during distribution (kWh)	77 317 186	83 060 406	77 317 186	83 060 406
Percentage lost during distribution	20.62 %	22.01 %	20.62 %	22.01 %
Rand value	123 565 476	108 946 468	123 565 476	108 946 468

Electricity losses:

The electricity distribution losses for the current year are 20.62% (2018: 22.01%). These losses are predominantly due to metering inaccuracies, system operations, theft and vandalism.

The Municipality has engaged in a two year investigation project to address the distribution losses. The project includes the upgrading of infrastructure.

52. Budget differences

Material differences between budget and actual amounts

51.1 Explanation of variances between approved and final budget greater than 10%

The variance between the approved and final budget is due to adjustments approved on the adjustment budget and virements approved by directors. The increase in the Capital Budget is due to Capital projects rolled over from the previous financial year.

Statement of Financial Performance - Economic entity

Revenue

Rental of facilities and equipment (20.36%)
The higher than anticipated revenue on rental of facilities is due to the increment of lease agreements entered during the year and once off rental agreement of department of labour. Variance is R 360 753 (2018: R 409 796).

Income from agency services (-81.91%)
The budgeted amount includes the revenue received on behalf of the agency which cannot be regarded as own revenue, only 20% is recognised as own revenue. Variance is R (41 910 218) (2018: R (42 276 176)).

Licences and permits (32.38%)
The variance is due to higher than expected revenue from the issuing of licences and permits especially building plans approved, clearance certificates issued and town planning application fees. Variance is R 249 674 (2018: R 304 867).

Other income (135.21%)
This higher than anticipated income is due to grant administration fees and VAT on grant transferred from grants and subsidies. Variance is R 15 866 761 (2018: R 23 866 760).

Figures in Rand

Interest received - external investment (152.98%)
The increase is as a result of the annual additional investment made during the year, annual capitalisation of interest on investment and interest earned on bank account.

Property rates (25.47%)
The increase is due to supplementary valuation and new development. Variance is R 22 160 412 (2018: R 15 289 523).

Property rates - penalties imposed (47.39%)
The increase in penalties is due to late payments of debtors accounts and increment on debtors book. Variance is R 3 222 809 (2018: R 1 703 616).

Government grants and subsidies (100.00%)
This was the first year that a grant was received from SETA to fund project expenses.
The budgeted amount includes VAT on the grants and the actual excludes VAT and also admin fee which is regarded as other revenue.

Project management fees (100.00%)
This was the first year that a grant was received from SETA to fund project expenses.

Public contributions and donations (100.00%)
The Municipality received a donation of IT equipment from The Office of the Premier. Variance is R 110 987 (2018: R 49 272).

Fines (615.14%)
The disclosure of fines has been done in accordance with GRAP and resulting in total fines issues disclosed whilst the budgeted amount represents only cash received. Variance is R 27 688 303 (2018: R 32 483 510).

Expenditure

Employee cost (-13.80%)
The underspending is due to vacant posts not filled immediately during the year. Variance is R 47 901 337 (2018: R 34 663 847).

Finance cost (-54.73%)
The reduction in finance cost is due to the loan of R 60 million approved by Council during the budget process but later was cancelled which led to the underspending. Variance is R 14 474 797 (2018: R 1 757 421).

Collection cost (-60.84%)
The contract for the debt collectors expired during the year which led to underspending. The new appointments were done during August 2019. Variance is R932 922 (2018: R1 370 028)

Debt impairment (349.99%)
The increase is due to the allowance for impairment done during the year and the impairment of traffic fines and no write offs were done for 2018/2019. Variance is R (102 898 457) (2018: R 89 588 752).

Grants and subsidies paid (59.97%)
The high spending is due to the roads that were constructed on behalf of RAL and are transferred to RAL in the previous year as grants and subsidies. Variance is R (18 856 284) (2018: R (74 084 620))

Repairs and maintenance (-30.81%)
The lower than anticipated spending is due to the under expenditure on the council owned vehicle usage and repairs and maintenance on electricity distribution network. Variance is R 18 863 909 (2018: R 8 934 161).

Impairment of assets (100%)
The actual amount represent transformers impaired during the year due to change in condition assessment. Variance is R (4 399 272) (2018: R 2 839 900).

Loss on disposal of assets (-188.06%)
Loss on disposal due to scrapped transformers and other assets written off. Variance is R (4 701 607) (2018: R (28 124 361)).

General expenses (-11.23%)
The reduction is mainly due to the implementation of budget controls.

Statement of Financial Position (Controlling entity)

Assets

GTEDA did not budget for items in the Statement of Financial Position.

Inventory (11.66%)
The variance is due to increase in inventory purchases. Variance is R 1 896 930 (2018: R (1 071 198)).

Other financial assets (-33.36%)
The reduction is due to management effort made during the year to recover outstanding funds regarding stand sales. Variance is R (1 090 332) (2018: R 36 943).

Consumer debtors (-15.18%)
During the budget preparation the municipality was anticipating that consumer debtors book would reduce due to credit control measures. Variance is R (16 577 464) (2018: R 20 578 989).

Receivables from non-exchange transactions (-50.64%)
The budget amount represents only cash received whilst the actual amount represents total traffic fines issued. The actual is disclosed according to GRAP1. Variance is R (37 793 551) (2018: R 41 356 780).

Receivables from exchange transactions (72.21%)
The increase is due to the outstanding balance on Mopani debtros account. Variance is R 108 752 875 (2018: R 29 830 860).

Cash and cash equivalents (530.13%)
The municipality closed with a positive bank balance due to the loan amount of R 40 million taken up from DBSA. Variance is R 35 362 442 (2018: R (1 456 825)).

Investment property (-11.05%)
The reduction is due to duplicate assets taken out of the asset register. Variance is R (22 523 700) (2018: R (17 041 947)).

Property, plant and equipment (-15.30%)
The reduction in PPE is due to the depreciation of completed projects and write offs of infrastructure assets. Variance is R (262 832 135) (2018:R (314 715 292)).

Intangible assets (40.12%)
The reduction is due to the amortisation of intangible assets. Variance is R 325 019 (2018: R 1 089 986).

Heritage assets (100%)
The variance is due to the inclusion of the Mayors chain in the asset register. Variance is R 195 000 (2018: R 0).

Other financial assets (-30.48%)
The decrease is due to the long term investment not taken up during 2018/2019 finanical year. Variance is R (13 823 858) (2018: R 3 187 399).

Liabilities

Other financial liabilities (current) (101.27%)
The increase is due to the loan of R 15 million that will be redeemed during the year. Variance is R 10 903 637 (2018: R (13 921 344))

Payables from exchange transactions (28.81%)
The municipality had creditors and retention amount not paid out at year end. Variance is R 51 161 665 (2018: R 56 718 738).

VAT Payable (15.92%)
The outstanding balance represents an amount owed to SARS not paid at year end. Variance is R 5 487 458 (2018: R 5 303 044).

Notes to the Consolidated Financial Statements

Figures in Rand

Unspent conditional grants and receipts (259.23%)
The unspent conditional grants is higher than anticipated due to the outstanding balance of R 4.9 million under INEP grant. Variance is R 3 668 221 (2018: R 1 509 796).

Provisions (39.12%)
The increase is due to the provision for performance bonus of all directors and municipal manager for the full financial year. Variance is R 266 768 (2018: R (327 914)).

Other financial liabilities (non-current) (-9.75%)
The reduction is due to the loan of R 15 million that will be redeemed during the year. Variance is R (11 948 850) (2018: R 37 245 403).

Finance lease obligation (-55.38%)
The budget amount includes the vehicles that were supposed to be purchased through a finance lease. Variance is R (8 103 976) (2018: R 1 426 973).

Figures in Rand

Statement of Cash Flows (Controlling entity)

GTEDA did not budget for items in the Cash Flow Statement.

Interest income (-53.77%)
The decrease is due to the inclusion of interest on outstanding debtors amount received under sales of goods and services. Variance is R (11 185 186) (2018: R (7 123 425)).

Finance costs (-55.17%)
The reduction in finance cost is due to the loan of R 60 million approved by Council during the budget process, but later was cancelled, which led to the underspending. Variance is R 13 487 207 (2018: R 2 553 949).

Transfer of property, plant and equipment (100%)
The actual amount represent capitalisation of completed projects transferred from WIP to infrastructure assets. Variance is R 64 509 821 (2018: R 75 728 464).

Additions to property, plant and equipment (15.57%)
The overspending is due to the amount of completed projects transferred from workin in progress to infrastructure. Variance is R (22 603 460) (2018: R 44 409 766).

Proceeds on disposal/ write off of property, plant and equipment (-72.92%)
During the budget process, it was anticipated that the Municipality will dispose of its assets. Variance is R (1 823 110) (2018: R 491 367).

Additions to intangible assets (100%)
The difference is due to the acquisition software for two way radio system. Variance R (154 938) (2018: R 0).

Increase in financial asset (-13.9%)
The decrease is due to the long term investment not take up during the 2018/2019 financial year. Variance is R 705 557 (2018: R (571 921)).

	Economic entity		Controlling entity	
	2019 R	2018 R	2019 R	2018 R

53. Fair value adjustments

Investment property (Fair value model)	-	11 004 300	-	11 004 300

The Greater Tzaneen Municipality fair valued its investment properties using the valuation roll that came into effect on the 01 July 2017 which is reviewed every four years.

54. Investment revenue

Interest revenue				
Bank	19 758	50 645	-	-
Interest received - investment	9 615 814	4 427 275	9 615 814	4 427 275
Interest received - trading	17 826 053	18 395 501	17 826 053	18 395 501
	27 461 625	**22 873 421**	**27 441 867**	**22 822 776**

An amount of R 5 311 745 (2018: R 2 750 228) included in Investment revenue arises from fixed deposit transactions amounting to R 45 860 000 (2018: R 243 500 000), while the balance of R 4 304 069 (2018: R 1 677 047) arises from interest received on the Municipalities current bank account.

	Economic entity		Controlling entity	
	2019	2018 Restated*	2019	2018 Restated*
55. Fines revenue				
Revenue for traffic fines issued	31 635 630	37 451 500	31 635 630	37 451 500
Other fines	553 809	535 146	553 809	535 146
	32 189 439	**37 986 646**	**32 189 439**	**37 986 646**
56. Loss / (gain) on disposal/ write off of assets				
Property, plant and equipment	(2 201 607)	(25 924 361)	(2 201 607)	(25 924 361)
57. Public contributions and donations				
Public contributions and donations	110 987	49 272	110 987	49 272
See note 25.				
58. Depreciation and amortisation				
Property, plant and equipment	127 166 352	127 009 870	127 100 818	126 971 667
Intangible assets	626 756	686 948	623 269	682 371
	127 793 108	**127 696 818**	**127 724 087**	**127 654 038**
59. Debt impairment movements				
Receivables from exchange transactions	8 164 876	10 286 852	8 164 875	10 286 853
Receivables from non-exchange transactions	87 344 204	42 309 663	87 344 205	42 309 662
Fines	36 789 377	64 343 237	36 789 377	64 343 237
	132 298 457	**116 939 752**	**132 298 457**	**116 939 752**

60. Change in estimate

Changes in accounting estimates

The Municipality has reassessed the useful lives of property, plant and equipment which resulted in certain assets remaining useful lives to change. Infrastructure assets useful life changed from nine (9) to ten (10) years on average. Other assets changed from one (1) to two (2) years on average. Intangible assets changed from one (1) to two (2) years on average. The effect of the change in accounting estimates has resulted in an increase in depreciation amounting to R 498 560.44 for the current period. The effect on future periods could not reasonably be determined.

The change in estimate affected the following classes of assets:

- Infrastructure assets
- Community assets
- Other assets
- Leased assets
- Intagible assets

61. Prior period errors

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by the prior-period adjustments and reclassification.

* See Note 61

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

Econcomic entity
Statement of Financial Position 2017

R -15 433 462	**PPE**
2017/06/30	Accumulated depreciation for infrastructure road useful life previously not reviewed R 6 090 668
2017/06/30	Accumulated depreciation due to other assets useful life previously not reviewed R 721 434
2017/06/30	Accumulated depreciation due to leased assets useful life previously not reviewed R 115 336
2017/06/30	Reduction in community assets due to land duplications taken out - R 22 360 900
R 195 000	**Heritage Assets**
2017/06/30	Mayoral Chain previously not recognised R 195 000
R -2 240 000	**Investment property**
2017/06/30	Reduction of investment property due to duplicated properties in the asset register -R 2 240 000
R -38 536 965	**Accumulated Surplus**
2017/06/30	Accumulated depreciation for infrastructure road useful life previously not reviewed - R 6 090 668.17
2017/06/30	Accumulated depreciation due to other assets useful life previously not reviewed - R 721 434
2017/06/30	Accumulated depreciation due to leased assets useful life previously not reviewed -R 115 336
2017/06/30	Reduction of investement property due to duplicated properties in the asset register R 2 240 000
2017/06/30	Reduction in community assets due to land duplications taken out R 22 360 900
2017/06/30	Reduction of unspent conditional grants due to unspent grants written back - R 2 590 505
2017/06/30	INEP amount incorrectly classified as revenue recognised instead of loan repayments R 11 359 523
2017/06/30	INEP amount incorrectly classified as revenue recognised instead of loan repayment R 8 769 017
2017/06/30	Mayoral Chain previously not recognised - R 195 000
2017/06/30	Grant amount allocated in incorrect financial year R 842 923
2017/06/30	The VAT liability for 2017 was understated with the SARS assessment raised and was not previously accounted for in the books -R 2 677 545.
R -20 128 540	**Receivables from exchange transactions**
2017/06/30	INEP amount incorrectly classified as revenue recognised instead of loan repayment - R 11 359 523
2017/06/30	INEP amount incorrectly classified as revenue recognised instead of loan repayment - R 8 769 017.
R 2 590 505	**Unspent conditional grant**
2017/06/30	Reduction of unspent conditional grants due to unspent grants written back R 2 590 505.
R -842 923	**Payables from exchange transactions**
2017/06/30	Grant amount allocated in incorrect financial year - R 842 923.
R -2 677 545	**VAT Payable**
2017/06/30	The VAT liability for 2017 was understated with the SARS assessment raised and was not previously accounted for in the books -R 2 677 545.

Statement of Financial Position 2018

R -15 609 578	**PPE**
2018/06/30	Accumulated depreciation for infrastructure road useful life previously not reviewed R 6 090 668
2018/06/30	Accumulated depreciation due to other assets useful life previously not reviewed R 721 434
2018/06/30	Accumulated depreciation due to leased assets useful life previously not reviewed R 115 335
2018/06/30	Accumulated depreciation due to roads infrastructure useful life previously not reviewed - R 772 848
2018/06/30	Accumulated depreciation due to other assets useful life previously not reviewed capitalised -R 209 504
2018/06/30	Accumuated depreciation due to leased assets useful life previously not reviewed capitalised - R 37 000
2018/06/30	Increase in roads community assets due to Marumofase Bridge capitalised with incorrect amount R 828 834
2018/06/30	Increase in accumulated depreciation for Marumofase bridge capitalised with incorrect amount -R 21 181
2018/06/30	Reduction if community assets due to land duplications taken out -R 22 360 900
2018/06/30	Increase in other assets due to furniture previously not capitalised R 14 720
2018/06/30	Increase in other assets due to cameras previously not capitalised R R 20 867.

* See Note 61

Figures in Rand

R 176	**Consumer debtors**
2018/06/30	Interest was not accrued for R168 on the ABSA Depositor Plus Account and R9 on the 32 day Notice Account R 176.
R -1 680 000	**Investment property**
2018/06/30	Reduction in investment property due to duplicated properties in the asset register - R 2 240 000
2018/06/30	Change in fair value adjustment for duplicated investment properties taken out R 560 000.
R -1 968 046	**Payables from exchange transactions**
2018/06/30	Decrease in retention account due to Marumofase Bridge payment incorrectly classified - R 828 834
2018/06/30	Decrease in payable from exchange transaction due to accrual of interest not raised - R 960 662
2018/06/30	Interest paid instead of accrued - R 178 550.
R -19 808 832	**Receivables from exchange transactions**
2018/06/30	INEP amount incorrectly classified as revenue recognised instead of loan repayment - R 11 359 523
2018/06/30	INEP amount incorrectly classified as revenue recognised instead of loan repayment - R 8 769 017
2018/06/30	Grant amount allocated in incorrect financial year R 141 157
2018/06/30	Interest paid instead of accrued R 178 550.
R 195 000	**Heritage assets**
2018/06/30	Mayoral Chain previously not recognised R 195 000.
R -3 752 613	**VAT Payable**
2018/06/30	The VAT liability for 2018 was understated with the SARS assessments raised and not previously accounted for in the books, the amount of R 2 677 545 relates to 2017 financial year and the amount of R 1 075 068 relates to the 2018 financial year.
R -141 157	**Other financial liabilties**
2018/06/30	Interest amount allocated in the incorrect financial year - R 141 157.
R -42 765 050	**Accumulated surplus**
2018/06/30	Accumulated depreciation for infrastructure road useful life previously not reviewed - R 6 090 668
2018/06/30	Accumulated depreciation due to other assets useful life previously not reviewed R 721 434
2018/06/30	Accumulated depreciation due to leased assets useful life previously not reviewed - R 115 335
2018/06/30	Accumulated depreciation due to roads infrastructure useful life previously not reviewed - R 772 848
2018/06/30	Accumulated depreciation due to other assets useful life previously not reviewed capitalised R 209 504
2018/06/30	Accumuated depreciation due to leased assets useful life previously not reviewed capitalised R 37 000
2018/06/30	Increase in roads community assets due to Marumofase Bridge capitalised with incorrect amount - R 828 834
2018/06/30	Increase in accumulated depreciation for Marumofase bridge capitalised with incorrect amount R 21 181
2018/06/30	Reduction if community assets due to land duplications taken out R 22 360 900
2018/06/30	Increase in other assets due to furniture previously not capitalised - R 14 720
2018/06/30	Increase in other assets due to cameras previously not capitalised - R 20 867
2018/06/30	Reduction in investment property due to duplicated properties in the asset register R 2 240 000
2018/06/30	Change in fair value adjustment for duplicated investment properties taken out - R 560 000
2018/06/30	Decrease in retention account due to Marumofase Bridge payment incorrectly classified R 828 834
2018/06/30	Decrease in payable from exchange transaction due to accrual of interest not raised R 960 662.
2018/06/30	INEP amount incorrectly classified as revenue recognised instead of loan repayment R 11 359 523
2018/06/30	INEP amount incorrectly classified as revenue recognised instead of loan repayment R 8 769 017
2018/06/30	Mayoral Chain previously not recognised - R 195 000
2018/06/30	Interest amount allocated in the incorrect finanicial year - R 141 157
2018/06/30	Interest amount allocated in the incorrect financial year R 141 157
2018/06/30	Interest was not accrued for R168 on the ABSA Depositor Plus Account and R9 on the 32 day Notice Account R 176
2018/06/30	The VAT liability for 2018 was understated with the SARS assessments raised and not previously accounted for in the books, the amount of R 2 677 545 relates to 2017 financial year and the amount of R 1 075 068 relates to the 2018 financial year.

* See Note 61

Controlling entity
Statement of Financial Position 2017

R -15 433 462	**PPE**
2017/06/30	Accumulated depreciation for infrastructure road useful life previously not reviewed R 6 090 668
2017/06/30	Accumulated depreciation due to other assets useful life previously not reviewed R 721 434
2017/06/30	Accumulated depreciation due to leased assets useful life previously not reviewed R 115 336
2017/06/30	Reduction in community assets due to land duplications taken out - R 22 360 900
R 195 000	**Heritage Assets**
2017/06/30	Mayoral Chain previously not recognised R 195 000
R -2 240 000	**Investment property**
2017/06/30	Reduction of investment property due to duplicated properties in the asset register -R 2 240 000
R -35 859 420	**Accumulated Surplus**
2017/06/30	Accumulated depreciation for infrastructure road useful life previously not reviewed - R 6 090 668.17
2017/06/30	Accumulated depreciation due to other assets useful life previously not reviewed - R 721 434
2017/06/30	Accumulated depreciation due to leased assets useful life previously not reviewed -R 115 336
2017/06/30	Reduction of investement property due to duplicated properties in the asset register R 2 240 000
2017/06/30	Reduction in community assets due to land duplications taken out R 22 360 900
2017/06/30	Reduction of unspent conditional grants due to unspent grants written back - R 2 590 505
2017/06/30	INEP amount incorrectly classified as revenue recognised instead of loan repayments R 11 359 523
2017/06/30	INEP amount incorrectly classified as revenue recognised instead of loan repayment R 8 769 017
2017/06/30	Mayoral Chain previously not recognised - R 195 000
2017/06/30	Grant amount allocated in incorrect financial year R 842 923.
R -20 128 540	**Receivables from exchange transactions**
2017/06/30	INEP amount incorrectly classified as revenue recognised instead of loan repayment - R 11 359 523
2017/06/30	INEP amount incorrectly classified as revenue recognised instead of loan repayment - R 8 769 017.
R 2 590 505	**Unspent conditional grant**
2017/06/30	Reduction of unspent conditional grants due to unspent grants written back R 2 590 505.
R -842 923	**Payables from exchange transactions**
2017/06/30	Grant amount allocated in incorrect financial year - R 842 923.

Statement of Financial Position 2018

R -15 609 577	**PPE**
2018/06/30	Accumulated depreciation for infrastructure road useful life previously not reviewed R 6 090 668
2018/06/30	Accumulated depreciation due to other assets useful life previously not reviewed R 721 434
2018/06/30	Accumulated depreciation due to leased assets useful life previously not reviewed R 115 335
2018/06/30	Accumulated depreciation due to roads infrastructure useful life previously not reviewed - R 772 848
2018/06/30	Accumulated depreciation due to other assets useful life previously not reviewed capitalised -R 209 504
2018/06/30	Accumuated depreciation due to leased assets useful life previously not reviewed capitalised - R 37 000
2018/06/30	Increase in roads community assets due to Marumofase Bridge capitalised with incorrect amount R 828 834
2018/06/30	Increase in accumulated depreciation for Marumofase bridge capitalised with incorrect amount -R 21 181
2018/06/30	Reduction if community assets due to land duplications taken out -R 22 360 900
2018/06/30	Increase in other assets due to furniture previously not capitalised R 14 720
2018/06/30	Increase in other assets due to cameras previously not capitalised R R 20 867
R -1 680 000	**Investment property**
2018/06/30	Reduction in investment property due to duplicated properties in the asset register - R 2 240 000
2018/06/30	Change in fair value adjustment for duplicated investment properties taken out R 560 000

R -1 968 046	**Payables from exchange transactions**
2018/06/30	Decrease in retention account due to Marumofase Bridge payment incorrectly classified - R 828 834
2018/06/30	Decrease in payable from exchange transaction due to accrual of interest not raised - R 960 662
2018/06/30	Interest paid instead of accrued - R 178 550.
R -19 808 832	**Receivables from exchange transactions**
2018/06/30	INEP amount incorrectly classified as revenue recognised instead of loan repayment - R 11 359 523
2018/06/30	INEP amount incorrectly classified as revenue recognised instead of loan repayment - R 8 769 017
2018/06/30	Grant amount allocated in incorrect financial year R 141 157
2018/06/30	Interest paid instead of accrued R 178 550.
R 195 000	**Heritage assets**
2018/06/30	Mayoral Chain previously not recognised R 195 000.
R -141 157	**Other financial liabilties**
2018/06/30	Interest amount allocated in the incorrect financial year - R 141 157.
R -42 765 050	**Accumulated surplus**
2018/06/30	Accumulated depreciation for infrastructure road useful life previously not reviewed - R 6 090 668
2018/06/30	Accumulated depreciation due to other assets useful life previously not reviewed R 721 434
2018/06/30	Accumulated depreciation due to leased assets useful life previously not reviewed - R 115 335
2018/06/30	Accumulated depreciation due to roads infrastructure useful life previously not reviewed - R 772 848
2018/06/30	Accumulated depreciation due to other assets useful life previously not reviewed capitalised R 209 504
2018/06/30	Accumuated depreciation due to leased assets useful life previously not reviewed capitalised R 37 000
2018/06/30	Increase in roads community assets due to Marumofase Bridge capitalised with incorrect amount - R 828 834
2018/06/30	Increase in accumulated depreciation for Marumofase bridge capitalised with incorrect amount R 21 181
2018/06/30	Reduction if community assets due to land duplications taken out R 22 360 900
2018/06/30	Increase in other assets due to furniture previously not capitalised - R 14 720
2018/06/30	Increase in other assets due to cameras previously not capitalised - R 20 867
2018/06/30	Reduction in investment property due to duplicated properties in the asset register R 2 240 000
2018/06/30	Change in fair value adjustment for duplicated investment properties taken out - R 560 000
2018/06/30	Decrease in retention account due to Marumofase Bridge payment incorrectly classified R 828 834
2018/06/30	Decrease in payable from exchange transaction due to accrual of interest not raised R 960 662.
2018/06/30	INEP amount incorrectly classified as revenue recognised instead of loan repayment R 11 359 523
2018/06/30	INEP amount incorrectly classified as revenue recognised instead of loan repayment R 8 769 017
2018/06/30	Mayoral Chain previously not recognised - R 195 000
2018/06/30	Interest amount allocated in the incorrect finanicial year - R 141 157
2018/06/30	Interest amount allocated in the incorrect financial year R 141 157.

Notes to the Consolidated Financial Statements

Figures in Rand

Econcomic entity Statement of Financial Position	2017 previously reported	Correction of errors	2017 Restated
Assets			
Current Assets			
Inventory	14 753 202	-	14 753 202
Other financial assets	2 669 089	-	2 669 089
Operating lease asset	149 816	-	149 816
Receivable from exchange transactions	220 822 902	(20 128 540)	200 694 362
Receivables from non-exchange transactions	75 870 945	-	75 870 945
Consumer debtors	107 035 128	-	107 035 128
Cash and cash equivalents	32 550 519	-	32 550 519
Non-Current Assets			
Investment property	173 182 753	(2 240 000)	170 942 753
Property, plant and equipment	1 610 594 138	(15 433 462)	1 595 160 676
Intangible assets	1 143 105	-	1 143 105
Heritage asset	-	195 000	195 000
Other financial assets	25 174 277	-	25 174 277
Liabilities			
Current Liabilities			
Other financial liabilties	(17 075 913)	-	(17 075 913)
Finance lease obligation	(1 758 832)	-	(1 758 832)
Payables from exchange transaction	(178 667 626)	(842 923)	(179 510 549)
VAT Payable	(34 713 133)	(2 677 545)	(37 390 678)
Consumer deposits	(23 129 384)	-	(23 129 384)
Unspent conditional grants and receipts	(20 340 228)	2 590 505	(17 749 723)
Provisions	(606 889)	-	(606 889)
Non-Current liabilities			
Other financial laibilities	(102 661 330)	-	(102 661 330)
Finance lease obligation	(3 558 300)	-	(3 558 300)
Employee benefit obligation	(84 223 104)	-	(84 223 104)
Provisions	(4 205 927)	-	(4 205 927)
	1 793 005 208	**(38 536 965)**	**1 754 468 243**

* See Note 61

Figures in Rand

Controlling entity **Statement of Financial Position**	2017 previously reported	Correction of errors	2017 Restated
Assets			
Current Assets			
Inventory	14 753 202	-	14 753 202
Other financial assets	2 669 089	-	2 669 089
Operating lease asset	149 816	-	149 816
Receivables from exchange transaction	220 788 581	(20 128 540)	200 660 041
Receivables from non-exchange transactions	75 870 945	-	75 870 945
Consumer debtors	107 035 129	-	107 035 129
Cash and cash equivalents	31 839 163	-	31 839 163
Non - Current Assets			
Investment properties	173 182 753	(2 240 000)	170 942 753
Property, plant and equipment	1 610 522 177	(15 433 462)	1 595 088 715
Intangible assets	1 135 042	-	1 135 042
Heritage asset	-	195 000	195 000
Other Financial assets	25 174 276	-	25 174 276
Liabilities			
Current Liabilities			
Other financial liabilities	(17 075 913)	-	(17 075 913)
Finance lease obligation	(1 758 832)	-	(1 758 832)
Payables from exchange transactions	(178 361 461)	(842 923)	(179 204 384)
VAT Payable	(33 376 034)	-	(33 376 034)
Consumer debtors	(23 129 385)	-	(23 129 385)
Unspent conditional grants and receipts	(20 340 228)	2 590 505	(17 749 723)
Provisions	(606 890)	-	(606 890)
Non-Current Liabilities			
Other financial liabilities	(102 661 329)	-	(102 661 329)
Finance lease obligation	(3 558 300)	-	(3 558 300)
Employee benefit obligation	(84 223 104)	-	(84 223 104)
Provisions	(4 205 927)	-	(4 205 927)
Accumulated surplus	**1 793 822 770**	**(35 859 420)**	**1 757 963 350**

Economic entity **Statement of financial position**	2018 previously reported	Correction of errors	2018 Restated
Current Assets			
Inventories	19 164 420	-	19 164 420
Other financial assets	2 447 887	-	2 447 887
Operating lease asset	173 357	-	173 357
Receivables from exchange transactions	252 898 146	(19 808 832)	233 089 314
Receivables from non-exchange transactions	43 961 106	-	43 961 106
Consumer debtors	135 341 384	-	135 341 384
Cash and cash equivalents	8 056 079	176	8 056 255
Non-Current Assets			
Investment property	183 057 053	(1 680 000)	181 377 053
Property, plant and equipment	1 502 069 721	(15 609 578)	1 486 460 143
Intangible assets	1 606 954	-	1 606 954
Heritage assets	-	195 000	195 000
Other financial assets	26 887 399	-	26 887 399
Current liabilities			
Other financial liabilities	(9 585 798)	-	(9 585 798)
Finance lease obligation	(824 306)	-	(824 306)
Payables from exchange transactions	(207 210 585)	(1 968 046)	(209 178 631)
VAT Payable	(38 620 553)	(3 752 613)	(42 373 166)
Consumer deposits	(26 858 463)	-	(26 858 463)
Unspent conditional grants and receipts	(2 924 848)	-	(2 924 848)
Provisions	(445 724)	-	(445 724)

* See Note 61

Notes to the Consolidated Financial Statements

Figures in Rand			
Non-Current Liabilities			
Other financial liabilities	(92 315 415)	(141 157)	(92 456 572)
Finance lease obligation	(602 667)	-	(602 667)
Employee benefit obligation	(83 821 523)	-	(83 821 523)
Provisions	(4 626 520)	-	(4 626 520)
	1 707 827 104	**(42 765 050)**	**1 665 062 052**

* See Note 61

Figures in Rand

Controlling entity
Statement of Financial Position

	2018 previously reported	Correction of errors	2018 Restated
Assets			
Current Assets			
Inventories	19 164 420	-	19 164 420
Other financial assets	2 447 887	-	2 447 887
Operating lease asset	173 357	-	173 357
Receivables from exchange transactions	252 892 827	(19 808 832)	233 083 995
Receivables from non-exchange transactions	43 961 106	-	43 961 106
Consumer debtors	135 341 384	-	135 341 384
Cash and cash equivalents	7 490 665	-	7 490 665
Non-Current Assets			
Investment property	183 057 053	(1 680 000)	181 377 053
Property, plant and equipment	1 501 923 099	(15 609 577)	1 486 313 522
Intangible assets	1 603 468	-	1 603 468
Heritage assets	-	195 000	195 000
Other financial assets	26 887 399	-	26 887 399
Liabilities			
Current Liabilities			
Other financial liabilities	(9 585 798)	-	(9 585 798)
Finance lease obligation	(824 306)	-	(824 306)
Payables from exchange transactions	(207 036 227)	(1 968 046)	(209 004 273)
VAT Payable	(36 353 082)	-	(36 353 082)
Consumer deposits	(26 858 463)	-	(26 858 463)
Unspent conditional grants and receipts	(2 924 848)	-	(2 924 848)
Provisions	(445 724)	-	(445 724)
Non-Current Liabilities			
Other financial liabilities	(92 315 415)	(141 157)	(92 456 572)
Finance lease obligation	(602 667)	-	(602 667)
Employee benefit obligation	(83 821 523)	-	(83 821 523)
Provisions	(4 626 520)	-	(4 626 520)
Accumulated surplus	**1 709 548 092**	**(39 012 612)**	**1 670 535 480**

Econcomic entity
Statement of Financial Performance 2018

R 176	**Interest received - trading**
2018/06/30	Interest was not accrued for R167 on the ABSA Depositor Plus Account and R9 on the 32 day Notice Account.
R -3 333 496	**Other income**
2018/06/30	Reduction of other income due to unspent uncoditional grants written back - R 3 333 496.
R -1 040 533	**Remuneration of councillors**
2018/06/30	??
R 4 400	**Depreciation**
2018/06/30	Change in depreciation due to roads infrastructure useful life previously not reviewed - R 772 848
R -960 660	**Finance cost**
2018/06/30	Increase in payable from exchange transactions due to accrual of interest not raised - R 960 660
R -300 893	**General expenses**
2018/06/30	Reduction in general expenses due to furniture previously not capitalised R 14 720
2018/06/30	Reduction in general expenses due to cameras previously not capitalised R 20 865
2018/06/30	Grant allocated in the incorrect financial year R 742 990
2018/06/30	General expense was overstated with R4400 that was taken to boards remuneration and the amount of R1 075 068 relates to VAT adjustments..

* See Note 61

R 560 000	**Fair value adjustment**
2018/06/30	Change in fair value adjustment for duplicated investment properties taken out R 560 000

R 842 923	**Grants and subsidies paid**
2018/06/30	Grant amount allocated in incorrect financial year R 842 923

Controlling entity
Statement of Financial Performance 2018

R -3 333 496	**Other income**
2018/06/30	Reduction of other income due to unspent uncoditional grants written back - R 3 333 496.

R -1 040 533	**Depreciation**
2018/06/30	Change in depreciation due to roads infrastructure useful life previously not reviewed - R 772 848
2018/06/30	Depreciation for other assets due to useful life previously not reviewed -R 209 504
2018/06/30	Depreciation for leased assets due to useful life previously not reviewed capitalised - R 37 000
2018/06/30	Depreciation for Marumofase Bridge capitalised with incorrect amount - R 21 181

R -960 660	**Finance cost**
2018/06/30	Increase in payable from exchange transactions due to accrual of interest not raised - R 960 660

R 778 575	**General expenses**
2018/06/30	Reduction in general expenses due to furniture previously not capitalised R 14 720
2018/06/30	Reduction in general expenses due to cameras previously not capitalised R 20 865
2018/06/30	Grant allocated in the incorrect financial year R 742 990.

R 560 000	**Fair value adjustment**
2018/06/30	Change in fair value adjustment for duplicated investment properties taken out R 560 000

R 842 923	**Grants and subsidies paid**
2018/06/30	Grant amount allocated in incorrect financial year R 842 923

Econcomic entity **Statement of Financial Performance**	2018 previously restated	Adjustment of errors	2018 Restated
Revenue from exchange transactions			
Service charges	485 060 405	-	485 060 405
Rental of facilities and equipment	1 781 896	-	1 781 896
Interest received - trading	18 395 501	-	18 395 501
Agency services	7 988 116	-	7 988 116
Licenses and permits	1 005 867	-	1 005 867
Other income	34 101 806	(3 333 496)	30 768 310
Interest received - investment	4 477 744	176	4 477 920
Taxation revenue			
Property rates	99 289 523	-	99 289 523
Property rates - penalties imposed	8 203 616	-	8 203 616
Transfer revenue			
Government grants & subsidies	428 692 119	-	428 692 119
Public contributions and donations	49 272	-	49 272
Fines, penalties and forfeits	37 986 646	-	37 986 646
Expenditure			
Employee related costs	(285 057 090)	-	(285 057 090)
Remuneration of councillors	(25 387 968)	4 400	(25 383 568)
Depreciation and amortisation	(126 656 285)	(1 040 533)	(127 696 818)
Impairment loss/reversal of impairments	(2 839 900)	-	(2 839 900)
Finance cost	(11 013 609)	(960 660)	(11 974 269)
Debt impairment	(116 939 752)	-	(116 939 752)
Collection costs	(1 770 028)	-	(1 770 028)
Repairs and maintenance	(45 099 414)	-	(45 099 414)
Bulk purchases	(325 455 993)	-	(325 455 993)

* See Note 61

Notes to the Consolidated Financial Statements

Figures in Rand

Contracted services	(48 050 548)	-	(48 050 548)
Transfer and subsidies	(113 263 619)	842 923	(112 420 696)
General expenses	(95 196 354)	(300 893)	(95 497 247)
Loss on disposal/write off of property, plant and equpment	(25 924 361)	-	(25 924 361)
Fair value adjustments	10 444 300	560 000	11 004 300
	(85 178 110)	**(4 228 083)**	**(89 406 195)**

Controlling entity **Statement of Financial Performance**	2018 previously restated	Adjustment of errors	2018 Restated
Revenue			
Revenue from exchange transactions			
Service charges	485 060 405	-	485 060 405
Rental of facilities and equipment	1 781 896	-	1 781 896
Interest received (trading)	18 395 501	-	18 395 501
Agency services	7 988 116	-	7 988 116
Licenses and permits	1 005 867	-	1 005 867
Other income	34 101 806	(3 333 496)	30 768 310
Interest received - investment	4 427 275	-	4 427 275
Taxation revenue			
Property rates	99 289 523	-	99 289 523
Property rates - penalties imposed	8 203 616	-	8 203 616
Transfer revenue			
Government grants & subsidies	428 692 119	-	428 692 119
Public contributions and donations	49 272	-	49 272
Fines	37 986 646	-	37 986 646
Expenditure			
Employee related cost	(282 016 266)	-	(282 016 266)
Remuneration of councillors	(24 432 412)	-	(24 432 412)
Depreciation and amortisation	(126 613 505)	(1 040 533)	(127 654 038)
Impairment of assets	(2 839 900)	-	(2 839 900)
Finance costs	(11 013 609)	(960 660)	(11 974 269)
Debt impairment	(116 939 752)	-	(116 939 752)
Collection costs	(1 770 028)	-	(1 770 028)
Repairs and maintenance	(44 932 114)	-	(44 932 114)
Bulk purchases	(325 455 993)	-	(325 455 993)
Contracted services	(48 050 548)	-	(48 050 548)
Grants and subsidies paid	(113 263 619)	842 923	(112 420 696)
General expenses	(98 448 914)	778 575	(97 670 339)
Loss on disposal of assets and liabilities	(25 924 361)	-	(25 924 361)
Fair value adjustments	10 444 300	560 000	11 004 300
Surplus/(loss) for the year	**(84 274 679)**	**(3 153 191)**	**(87 427 870)**

Econcomic entity **Cash Flow Statement**	**2018 previously stated**	**Adjustment of errors**	**2018 restated**
Cash flows from operating activities			
Receipts			
Taxation	79 408 159	-	79 408 159
Sale of goods and services	534 633 862	(22 250 003)	512 383 859
Grants	472 679 141	11 133 860	483 813 001
Interest income	4 427 275	50 645	4 477 920
Payments			
Employee cost	(310 851 048)	8 810	(310 842 238)
Suppliers	(723 769 172)	12 739 822	(711 029 350)
Finance cost	(10 217 081)	(890 571)	(11 107 652)
Transfer of property plant and equipment	75 728 464	-	75 728 464
Cash flows from investing activities			

* See Note 61

Notes to the Consolidated Financial Statements

Figures in Rand			
Purchase of property, plant and equipment	(124 629 010)	(864 417)	(125 493 427)
Proceeds from sale of property, plant and equipment	2 690 581	785	2 691 366
Sale of investment property	570 000	-	570 000
Purchase of intangible asset	(1 150 797)	-	(1 150 797)
Proceeds from sale of financial assets	(1 491 920)	-	(1 491 920)
Cash flows from financing activities			
Repayment of other financial liabilities	(17 836 031)	141 158	(17 694 873)
Finance lease payments	(4 686 687)	(70 089)	(4 756 776)
	(24 494 264)	**-**	**(24 494 264)**

* See Note 61

Figures in Rand

Controlling entity Cash Flow Statement	2018 previously stated	Adjustment of errors	2018 restated
Cash flows from operating activities			
Receipts			
Taxation revenue	79 408 159	-	79 408 159
Grants	481 222 495	4 364 108	485 586 603
Interest income	4 427 275	-	4 427 275
Sale of goods and services	516 008 070	(3 653 204)	512 354 866
Payments			
Employee costs	(306 850 259)	-	(306 850 259)
Suppliers	(717 655 411)	973 018	(716 682 393)
'	(10 217 081)	(890 572)	(11 107 653)
Transfer of property, plant and equipment	75 728 464	-	75 728 464
Cash flows from investing activities			
Purchase to property, plant and equipment	(124 516 144)	(864 417)	(125 380 561)
Proceeds from sale of property, plant and equipment	2 691 366	-	2 691 366
Sale of investement property	570 000	-	570 000
Purchase of other intangible assets	(1 150 797)	-	(1 150 797)
Proceeds from sale of financial assets	(1 491 921)	-	(1 491 921)
Cash flow from financing activities			
Repayment of other financial liabilities	(17 836 029)	141 157	(17 694 872)
Finance lease payments	(4 686 687)	(70 088)	(4 756 775)
	(24 348 500)	**-**	**(24 348 498)**

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

The following amounts included in general expenses were reclassified to ensure a more accurate presentation of the general expenditure items.

Controlling entity Reclassification of general expenses	2018 previously stated	Reclassification and prior period corrections	2018 restated
Auditors remuneration	3 448 595	-	3 448 595
Computer rental	706 301	-	706 301
Consulting fees	24 782 839	639 722	25 422 561
Consumables	1 396 029	(7 919)	1 388 110
Insurance	63 161	(63 161)	-
Fuel and oil	9 165 920	-	9 165 920
Postage and courier	616 394	-	616 394
Printing and stationery	1 721 828	-	1 721 828
Protective clothing	883 416	8 893	892 309
Telephone and fax	1 460 368	18 750	1 479 118
Training	1 300 060	598 555	1 898 615
Travel - local	9 149 276	-	9 149 276
Insurance claims - own expenditure	8 105 114	12 899	8 118 013
Membership fees - Salga	234 365	2 634 550	2 868 915
Telephone exchange rental	366 677	-	366 677
Public relations, tourism and marketing	8 142 084	100 139	8 242 223
Small tools and equipment	422 480	(45 176)	377 304
Lease rentals on operating lease	1 047 349	-	1 047 349
Bank administration fees	1 693 588	-	1 693 588
Licenses and permits	1 029 040	10 777	1 039 817
Cultural day	976 432	-	976 432
Other expenses	21 737 598	(4 686 604)	17 050 994
	98 448 914	**(778 575)**	**97 670 339**

* See Note 61

Notes to the Consolidated Financial Statements

Figures in Rand

Reclassification of employee cost	2018 previously stated	Reclassification and prior period corrections	2018 restated
Salaries and wages	195 554 188	1 709 019	197 263 207
Social contributions	45 522 664	-	45 522 664
Travel allowance	11 852 719	(5 269)	11 847 450
Overtime payments	25 477 677	-	25 477 677
Housing allowance	3 609 018	(1 703 750)	1 905 268
	282 016 266	**-**	**282 016 266**

* See Note 61

Greater Tzaneen Municipality
Appendix A
June 2019

Schedule of external loans as at 30 June 2019

	Balance at 30 June 2018	Received during the period	Redeemed written off during the period	Balance at 30 June 2019
	Rand	Rand	Rand	Rand
Annuity loans				
DBSA	-	40 000 000	-	40 000 000
DBSA	32 183 025	-	1 716 136	30 466 889
INCA	1 953 417	-	1 953 417	-
ABSA	18 340 756	-	1 492 231	16 848 525
STANDARD BANK	4 565 172	-	4 565 172	-
	57 042 370	**40 000 000**	**9 726 956**	**87 315 414**
Loan stock				
STANDARD BANK	30 000 000	-	-	30 000 000
DEVELOPMENT BANK OF SA	15 000 000	-	-	15 000 000
	45 000 000	**-**	**-**	**45 000 000**
Total external loans				
Annuity loans	57 042 370	40 000 000	9 726 956	87 315 414
Loan stock	45 000 000	-	-	45 000 000
	102 042 370	**40 000 000**	**9 726 956**	**132 315 414**

Greater Tzaneen Municipality
Greater Tzaneen Municipality
Appendix B
June 2019

Analysis of property, plant and equipment as at 30 June 2019

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals/ Write Offs Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals/ Write Offs Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land	124 398 446	-	-	-	-	-	124 398 446	-	-	-	-	-	-	124 398 446
	124 398 446	-	-	-	-	-	**124 398 446**	-	-	-	-	-	-	**124 398 446**
Infrastructure														
Roads	1 243 556 083	3 045 480	-	-	-	-	**1 246 601 563**	(631 185 186)	-	-	(71 399 585)	(654 148)	**(703 238 919)**	543 362 644
Storm water	60 328 111	129 802	-	-	-	-	**60 457 913**	(31 010 594)	-	-	(2 549 909)	-	**(33 560 503)**	26 897 410
Solid waste	1 577 142	-	-	-	-	-	**1 577 142**	(447 559)	-	-	-	-	**(447 559)**	1 129 583
Buildings	1 812 039	-	-	-	-	-	**1 812 039**	(733 831)	-	-	(559 393)	-	**(1 293 224)**	518 815
Reticulation	26 033 415	-	(910 307)	-	-	-	**25 123 108**	(5 844 089)	583 953	-	(998 028)	(291 640)	**(6 549 804)**	18 573 304
Refuse sites	44 565 595	-	-	-	-	-	**44 565 595**	(12 383 251)	-	-	(1 560 648)	-	**(13 943 899)**	30 621 696
Airports	191 751	-	-	-	-	-	**191 751**	(95 928)	-	-	(19 175)	-	**(115 103)**	76 648
Plant and Machinery	203 695	-	-	-	-	-	**203 695**	(150 170)	-	-	(31 073)	-	**(181 243)**	22 452
Traffic	347 180	-	-	-	-	-	**347 180**	(254 405)	-	-	(23 118)	-	**(277 523)**	69 657
Water	198 000	-	-	-	-	-	**198 000**	(99 054)	-	-	-	-	**(99 054)**	98 946
Electricity	854 971 141	35 924 050	(10 693 937)	-	-	-	**880 201 254**	(383 398 250)	8 494 044	-	(35 718 024)	(3 453 484)	**(414 075 714)**	466 125 540
Land and Buildings	20 962 095	-	-	-	-	-	**20 962 095**	(9 051 509)	-	-	(265 456)	-	**(9 316 965)**	11 645 130
	2 254 746 247	**39 099 332**	**(11 604 244)**	-	-	-	**2 282 241 335**	**(1 074 653 826)**	**9 077 997**	-	**(113 124 409)**	**(4 399 272)**	**(1 183 099 510)**	**1 099 141 825**
Community Assets														
Parks & gardens	9 136 136	-	-	-	-	-	**9 136 136**	(2 073 066)	-	-	(48 350)	-	**(2 121 416)**	7 014 720
Fencing	3 130 219	-	-	-	-	-	**3 130 219**	(110 475)	-	-	(148 462)	-	**(258 937)**	2 871 282
Roads	18 482 269	3 203 247	-	-	-	-	**21 685 516**	(3 907 227)	-	-	(1 504 734)	-	**(5 411 961)**	16 273 555
Municipal offices	16 312 802	-	-	-	-	-	**16 312 802**	(8 915 611)	-	-	(349 657)	-	**(9 265 268)**	7 047 534
Libraries	7 542 888	-	-	-	-	-	**7 542 888**	(1 004 655)	-	-	(47 107)	-	**(1 051 762)**	6 491 126
Traffic centre	62 000	-	-	-	-	-	**62 000**	(56 702)	-	-	(1 326)	-	**(58 028)**	3 972
Museums	1 307 643	-	-	-	-	-	**1 307 643**	(277 934)	-	-	(7 435)	-	**(285 369)**	1 022 274
Airports	128 586	-	-	-	-	-	**128 586**	(128 586)	-	-	-	-	**(128 586)**	-
Recreational facilities	70 045 884	25 248 654	-	-	-	-	**95 294 538**	(13 998 838)	-	-	(3 866 138)	-	**(17 864 976)**	77 429 562
Cemeteries	3 324 000	-	-	-	-	-	**3 324 000**	-	-	-	-	-	**-**	3 324 000
Road and Subgrade	10 419 805	-	-	-	-	-	**10 419 805**	(1 489 417)	-	-	-	-	**(1 489 417)**	8 930 388
Buildings	30 498 632	-	-	-	-	-	**30 498 632**	(4 352 139)	-	-	(1 045 091)	-	**(5 397 230)**	25 101 402
	170 390 864	**28 451 901**	-	-	-	-	**198 842 765**	**(36 314 650)**	-	-	**(7 018 300)**	-	**(43 332 950)**	**155 509 815**

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Analysis of property, plant and equipment as at 30 June 2019

	Cost/Revaluation							Accumulated depreciation							
	Opening Balance Rand	Additions Rand	Disposals/ Write Offs Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals/ Write Offs Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Work in Progress														
Work in Progress	30 985 479	86 473 783	-	(64 509 821)	-	-	52 949 441	-	-	-	-	-	-	52 949 441
	30 985 479	**86 473 783**	**-**	**(64 509 821)**	**-**	**-**	**52 949 441**	**-**	**-**	**-**	**-**	**-**	**-**	**52 949 441**
Leased asset														
Leased assets	10 920 220	7 440 638	(45 327)	-	-	-	18 315 531	(7 932 282)	36 993	-	(2 897 560)	-	(10 792 849)	7 522 682
	10 920 220	**7 440 638**	**(45 327)**	**-**	**-**	**-**	**18 315 531**	**(7 932 282)**	**36 993**	**-**	**(2 897 560)**	**-**	**(10 792 849)**	**7 522 682**
Other assets														
Computer Equipment	8 426 392	162 008	(41 465)	-	-	-	**8 546 935**	(6 132 905)	32 220	-	(753 937)	-	**(6 854 622)**	1 692 313
Furniture & Fittings	2 443 276	217 257	(4)	-	-	-	**2 660 529**	(1 735 648)	4	-	(194 495)	-	**(1 930 139)**	730 390
Office Equipment	2 333 399	307 695	(29 804)	-	-	-	**2 611 290**	(2 082 785)	18 412	-	(143 610)	-	**(2 207 983)**	403 307
Plant and Machinery	7 650 371	2 201 423	-	-	-	-	**9 851 794**	(5 314 068)	-	-	(841 759)	-	**(6 155 827)**	3 695 967
Health equipment	233 290	-	-	-	-	-	**233 290**	(230 395)	-	-	(1 738)	-	**(232 133)**	1 157
Parks	30 718	-	-	-	-	-	**30 718**	(17 011)	-	-	(1 536)	-	**(18 547)**	12 171
Buildings	5 388 536	-	-	-	-	-	**5 388 536**	(2 927 225)	-	-	(229 588)	-	**(3 156 813)**	2 231 723
Security measures	82 531	-	-	-	-	-	**82 531**	(52 584)	-	-	(2 175)	-	**(54 759)**	27 772
Weapons	105 048	-	-	-	-	-	**105 048**	(91 138)	-	-	(3 700)	-	**(94 838)**	10 210
Motor vehicles	37 859 872	3 443 300	(357 727)	-	-	-	**40 945 445**	(32 053 325)	34 448	-	(1 913 618)	-	**(33 932 495)**	7 012 950
Minor assets	1 247 338	39 985	-	-	-	-	**1 287 323**	(1 244 050)	-	-	(39 928)	-	**(1 283 978)**	3 345
	65 800 771	**6 371 668**	**(429 000)**	**-**	**-**	**-**	**71 743 439**	**(51 881 134)**	**85 084**	**-**	**(4 126 084)**	**-**	**(55 922 134)**	**15 821 305**

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Analysis of property, plant and equipment as at 30 June 2019

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals/ Write Offs Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals/ Write Offs Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	124 398 446	-	-	-	-	-	**124 398 446**	-	-	-	-	-	-	124 398 446
Infrastructure	2 254 746 247	39 099 332	(11 604 244)	-	-	-	**2 282 241 335**	(1 074 653 826)	9 077 997	-	(113 124 409)	(4 399 272)	**(1 183 099 510)**	1 099 141 825
Community Assets	170 390 864	28 451 901	-	-	-	-	**198 842 587**	(36 314 650)	-	-	(7 018 300)	-	**(43 332 950)**	155 509 815
Work in Progress	30 985 479	86 473 783	-	(64 509 821)	-	-	**52 949 441**	-	-	-	-	-	-	52 949 441
Leased asset	10 920 220	7 440 638	(45 327)	-	-	-	**18 315 531**	(7 932 282)	36 993	-	(2 897 560)	-	**(10 792 849)**	7 522 682
Other assets	65 800 771	6 371 668	(429 000)	-	-	-	**71 743 439**	(51 881 134)	85 084	-	(4 126 084)	-	**(55 922 134)**	15 821 305
	2 657 242 027	**167 837 329**	**(12 078 571)**	**(64 509 821)**	**-**	**-**	**2 748 490 779**	**(1 170 781 892)**	**9 200 074**	**-**	**(127 166 353)**	**(4 399 272)**	**(1 293 147 443)**	**1 455 343 514**
Heritage assets														
Mayoral chain	195 000	-	-	-	-	-	**195 000**	-	-	-	-	-	-	195 000
	195 000	**-**	**-**	**-**	**-**	**-**	**195 000**	**-**	**-**	**-**	**-**	**-**	**-**	**195 000**
Intangible assets														
Computers - software	3 653 789	154 938	-	-	-	-	**3 808 727**	(2 046 835)	-	-	(626 755)	-	**(2 673 590)**	1 135 137
Website	45 051	-	-	-	-	-	**45 051**	(45 051)	-	-	-	-	**(45 051)**	-
	3 698 840	**154 938**	**-**	**-**	**-**	**-**	**3 853 778**	**(2 091 886)**	**-**	**-**	**(626 755)**	**-**	**(2 718 641)**	**1 135 137**
Investment properties														
Investment property	181 377 053	-	-	-	-	-	**181 377 053**	-	-	-	-	-	-	181 377 053
	181 377 053	**-**	**-**	**-**	**-**	**-**	**181 377 053**	**-**	**-**	**-**	**-**	**-**	**-**	**181 377 053**
Total														
Land and buildings	124 398 446	-	-	-	-	-	**124 398 446**	-	-	-	-	-	-	124 398 446
Infrastructure	2 254 746 247	39 099 332	(11 604 244)	-	-	-	**2 282 241 335**	(1 074 653 826)	9 077 997	-	(113 124 409)	(4 399 272)	**(1 183 099 510)**	1 099 141 825
Community Assets	170 390 864	28 451 901	-	-	-	-	**198 842 765**	(36 314 650)	-	-	(7 018 300)	-	**(43 332 950)**	155 509 815
Work in Progress	30 985 479	86 473 783	-	(64 509 821)	-	-	**52 949 441**	-	-	-	-	-	-	52 949 441
Leased asset	10 920 220	7 440 638	(45 327)	-	-	-	**18 315 531**	(7 932 282)	36 993	-	(2 897 560)	-	**(10 792 849)**	7 522 682
Other assets	65 800 771	6 371 668	(429 000)	-	-	-	**71 743 439**	(51 881 134)	85 084	-	(4 126 084)	-	**(55 922 134)**	15 821 305
Heritage assets	195 000	-	-	-	-	-	**195 000**	-	-	-	-	-	-	195 000
Intangible assets	3 698 840	154 938	-	-	-	-	**3 853 778**	(2 091 886)	-	-	(626 755)	-	**(2 718 641)**	1 135 137
Investment properties	181 377 053	-	-	-	-	-	**181 377 053**	-	-	-	-	-	-	181 377 053
	2 842 512 920	**167 992 260**	**(12 078 571)**	**(64 509 821)**	**-**	**-**	**2 933 916 788**	**(1 172 873 778)**	**9 200 074**	**-**	**(127 793 108)**	**(4 399 272)**	**(1 295 866 084)**	**1 638 050 704**

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Analysis of property, plant and equipment as at 30 June 2018

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land	125 358 946	49 500	(1 010 000)	-	-	-	124 398 446	-	-	-	-	-	-	124 398 446
	125 358 946	**49 500**	**(1 010 000)**	**-**	**-**	**-**	**124 398 446**	**-**	**-**	**-**	**-**	**-**	**-**	**124 398 446**
Infrastructure														
Roads	1 243 336 597	219 486	-	-	-	-	1 243 556 083	(559 450 623)	-	-	(71 734 563)	-	(631 185 186)	612 370 897
Storm water	45 200 114	15 127 997	-	-	-	-	60 328 111	(28 629 602)	-	-	(2 380 992)	-	(31 010 594)	29 317 517
Solid waste	1 577 142	-	-	-	-	-	1 577 142	(396 207)	-	-	(51 353)	-	(447 560)	1 129 582
Buildings	905 583	906 457	-	-	-	-	1 812 040	(184 929)	-	-	(548 902)	-	(733 831)	1 078 209
Reticulation	25 875 819	157 596	-	-	-	-	26 033 415	(4 433 849)	-	-	(1 013 913)	(396 327)	(5 844 089)	20 189 326
Refuse sites	44 565 595	-	-	-	-	-	44 565 595	(10 792 216)	-	-	(1 591 035)	-	(12 383 251)	32 182 344
Airports	191 751	-	-	-	-	-	191 751	(76 753)	-	-	(19 175)	-	(95 928)	95 823
Plant and machinery	203 695	-	-	-	-	-	203 695	(138 897)	-	-	(11 273)	-	(150 170)	53 525
Traffic	347 170	-	-	-	-	-	347 170	(231 277)	-	-	(23 118)	-	(254 395)	92 775
Water	198 000	-	-	-	-	-	198 000	(79 254)	-	-	(19 800)	-	(99 054)	98 946
Electricity	934 581 105	11 390 718	(91 000 672)	-	-	-	854 971 151	(411 133 946)	67 358 480	-	(37 179 220)	(2 443 573)	(383 398 259)	471 572 892
Land and buildings	20 962 094	-	-	-	-	-	20 962 094	(8 786 053)	-	-	(265 456)	-	(9 051 509)	11 910 585
	2 317 944 665	**27 802 254**	**(91 000 672)**	**-**	**-**	**-**	**2 254 746 247**	**(1 024 333 606)**	**67 358 480**	**-**	**(114 838 800)**	**(2 839 900)**	**(1 074 653 826)**	**1 180 092 421**
Community Assets														
Parks & gardens	9 136 136	-	-	-	-	-	9 136 136	(2 024 535)	-	-	(48 531)	-	(2 073 066)	7 063 070
Fencing	528 369	2 601 850	-	-	-	-	3 130 219	(70 181)	-	-	(40 294)	-	(110 475)	3 019 744
Roads	11 579 900	6 902 369	-	-	-	-	18 482 269	(3 815 696)	-	-	(91 527)	-	(3 907 223)	14 575 046
Municipal offices	16 312 802	-	-	-	-	-	16 312 802	(8 565 954)	-	-	(349 656)	-	(8 915 610)	7 397 192
Libraries	7 542 888	-	-	-	-	-	7 542 888	(957 548)	-	-	(47 106)	-	(1 004 654)	6 538 234
Traffic centre	62 000	-	-	-	-	-	62 000	(55 376)	-	-	(1 325)	-	(56 701)	5 299
Museums	1 307 643	-	-	-	-	-	1 307 643	(270 500)	-	-	(7 434)	-	(277 934)	1 029 709
Airports	128 586	-	-	-	-	-	128 586	(128 586)	-	-	-	-	(128 586)	-
Recreational facilities	33 179 245	36 866 639	-	-	-	-	70 045 884	(12 418 906)	-	-	(1 579 931)	-	(13 998 837)	56 047 047
Cemeteries	3 777 737	-	(453 737)	-	-	-	3 324 000	(365 597)	365 597	-	-	-	-	3 324 000
Road and subgrade	10 419 805	-	-	-	-	-	10 419 805	(534 164)	-	-	(955 252)	-	(1 489 416)	8 930 389
Buildings	27 539 186	2 959 446	-	-	-	-	30 498 632	(3 341 701)	-	-	(1 010 447)	-	(4 352 148)	26 146 484
	121 514 297	**49 330 304**	**(453 737)**	**-**	**-**	**-**	**170 390 864**	**(32 548 744)**	**365 597**	**-**	**(4 131 503)**	**-**	**(36 314 650)**	**134 076 214**

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	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Work in Progress														
Work in Progress	58 988 033	47 725 910	-	(75 728 464)	-	-	30 985 479	-	-	-	-	-	-	30 985 479
	58 988 033	**47 725 910**	**-**	**(75 728 464)**	**-**	**-**	**30 985 479**	**-**	**-**	**-**	**-**	**-**	**-**	**30 985 479**
Leased Assets														
Leased assets	14 349 106	-	(3 428 886)	-	-	-	10 920 220	(6 763 643)	838 172	-	(2 006 811)	-	(7 932 282)	2 987 938
	14 349 106	**-**	**(3 428 886)**	**-**	**-**	**-**	**10 920 220**	**(6 763 643)**	**838 172**	**-**	**(2 006 811)**	**-**	**(7 932 282)**	**2 987 938**
Other assets														
Computer equipment	8 576 151	178 880	(298 811)	-	-	(29 828)	8 426 392	(5 691 735)	285 193	29 828	(756 191)	-	(6 132 905)	2 293 487
Furniture and fittings	2 441 754	40 456	(44 209)	-	-	5 275	2 443 276	(1 576 455)	41 600	(5 274)	(195 519)	-	(1 735 648)	707 628
Office Equipment	2 389 439	56 751	(112 792)	-	-	-	2 333 398	(2 060 920)	111 376	-	(133 241)	-	(2 082 785)	250 613
Electricity	56 299	-	(56 300)	-	-	-	(1)	(47 280)	51 971	-	(4 692)	-	(1)	(2)
Plant and machinery	11 387 453	285 821	(4 022 903)	-	-	-	7 650 371	(7 376 810)	3 091 192	-	(1 028 450)	-	(5 314 068)	2 336 303
Health equipment	244 936	-	(11 646)	-	-	-	233 290	(238 631)	11 646	-	(3 410)	-	(230 395)	2 895
Parks	30 718	-	-	-	-	-	30 718	(15 475)	-	-	(1 536)	-	(17 011)	13 707
Buildings	5 416 005	-	(27 469)	-	-	-	5 388 536	(2 717 161)	22 443	-	(232 507)	-	(2 927 225)	2 461 311
Security measures	632 195	-	(549 664)	-	-	-	82 531	(252 085)	228 478	-	(28 978)	-	(52 585)	29 946
Weapons	105 048	-	-	-	-	-	105 048	(85 110)	-	-	(6 027)	-	(91 137)	13 911
Motor vehicles	37 859 872	-	-	-	-	-	37 859 872	(28 434 672)	-	-	(3 618 654)	-	(32 053 326)	5 806 546
Land	4 788	-	(4 788)	-	-	-	-	-	-	-	-	-	-	-
Minor assets	1 223 790	23 550	-	-	-	-	1 247 340	(1 220 505)	-	-	(23 543)	-	(1 244 048)	3 292
	70 368 448	**585 458**	**(5 128 582)**	**-**	**-**	**(24 553)**	**65 800 771**	**(49 716 839)**	**3 843 899**	**24 554**	**(6 032 748)**	**-**	**(51 881 134)**	**13 919 636**

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Analysis of property, plant and equipment as at 30 June 2018

Cost/Revaluation

Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	125 358 946	49 500	(1 010 000)	-	-	-	124 398 446	-	-	-	-	-	-	124 398 446
Infrastructure	2 317 944 665	27 802 254	(91 000 672)	-	-	-	2 254 746 247	(1 024 333 606)	67 358 480	-	(114 838 800)	(2 839 900)	(1 074 653 826)	1 180 092 421
Community Assets	121 514 297	49 330 304	(453 737)	-	-	-	170 390 864	(32 548 744)	365 597	-	(4 131 503)	-	(36 314 650)	134 076 214
Work in Progress	58 988 033	47 725 910	-	(75 728 464)	-	-	30 985 479	-	-	-	-	-	-	30 985 479
Leased Assets	14 349 106	-	(3 428 886)	-	-	-	10 920 220	(6 763 643)	838 172	-	(2 006 811)	-	(7 932 282)	2 987 938
Other assets	70 368 448	585 458	(5 128 582)	-	-	(24 553)	65 800 771	(49 716 839)	3 843 899	24 554	(6 032 748)	-	(51 881 134)	13 919 636
	2 708 523 495	**125 493 426**	**(101 021 877)**	**(75 728 464)**	**-**	**(24 553)**	**2 657 242 027**	**(1 113 362 832)**	**72 406 148**	**24 554**	**(127 009 862)**	**(2 839 900)**	**(1 170 781 892)**	**1 486 460 134**
Heritage assets														
Mayoral chain	195 000	-	-	-	-	-	195 000	-	-	-	-	-	-	195 000
	195 000	**-**	**-**	**-**	**-**	**-**	**195 000**	**-**	**-**	**-**	**-**	**-**	**-**	**195 000**
Intangible assets														
Computers - software	2 502 992	1 150 797	-	-	-	-	3 653 789	(1 359 887)	-	-	(686 948)	-	(2 046 835)	1 606 954
Website	45 051	-	-	-	-	-	45 051	(45 051)	-	-	-	-	(45 051)	-
	2 548 043	**1 150 797**	**-**	**-**	**-**	**-**	**3 698 840**	**(1 404 938)**	**-**	**-**	**(686 948)**	**-**	**(2 091 886)**	**1 606 954**
Investment properties														
Investment property	170 942 753	-	(570 000)	-	11 004 300	-	181 377 053	-	-	-	-	-	-	181 377 053
	170 942 753	**-**	**(570 000)**	**-**	**11 004 300**	**-**	**181 377 053**	**-**	**-**	**-**	**-**	**-**	**-**	**181 377 053**
Total														
Land and buildings	125 358 946	49 500	(1 010 000)	-	-	-	124 398 446	-	-	-	-	-	-	124 398 446
Infrastructure	2 317 944 665	27 802 254	(91 000 672)	-	-	-	2 254 746 247	(1 024 333 606)	67 358 480	-	(114 838 800)	(2 839 900)	(1 074 653 826)	1 180 092 421
Community Assets	121 514 297	49 330 304	(453 737)	-	-	-	170 390 864	(32 548 744)	365 597	-	(4 131 503)	-	(36 314 650)	134 076 214
Work in Progress	58 988 033	47 725 910	-	(75 728 464)	-	-	30 985 479	-	-	-	-	-	-	30 985 479
Leased Assets	14 349 106	-	(3 428 886)	-	-	-	10 920 220	(6 763 643)	838 172	-	(2 006 811)	-	(7 932 282)	2 987 938
Other assets	70 368 448	585 458	(5 128 582)	-	-	(24 553)	65 800 771	(49 716 839)	3 843 899	24 554	(6 032 748)	-	(51 881 134)	13 919 636
Heritage assets	195 000	-	-	-	-	-	195 000	-	-	-	-	-	-	195 000
Intangible assets	2 548 043	1 150 797	-	-	-	-	3 698 840	(1 404 938)	-	-	(686 948)	-	(2 091 886)	1 606 954
Investment properties	170 942 753	-	(570 000)	-	11 004 300	-	181 377 053	-	-	-	-	-	-	181 377 053
	2 882 209 291	**126 644 223**	**(101 591 877)**	**(75 728 464)**	**11 004 300**	**(24 553)**	**2 842 512 920**	**(1 114 767 770)**	**72 406 148**	**24 554**	**(127 696 810)**	**(2 839 900)**	**(1 172 873 778)**	**1 669 639 141**

Greater Tzaneen Municipality
Appendix C
June 2019

Segmental analysis of property, plant and equipment as at 30 June 2019

	Cost/Revaluation							Accumulated Depreciation						
	Opening Balance Rand	Additions Rand	Write Offs Rand	Transfers Rand	Disposals Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Write Offs Rand	Disposals Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Municipality														
Mayors Office	1 808 485	-	-	-	-	-	**1 808 485**	(844 837)	-	-	(310 304)	-	**(1 155 141)**	653 344
Municipal Manager	892 057	30 051	-	-	-	-	**922 108**	(489 103)	-	-	(124 130)	-	**(613 233)**	308 875
Planning and Development	5 140 290	40 919	(42 000)	-	-	-	**5 139 209**	(2 763 425)	41 986	-	(414 287)	-	**(3 135 726)**	2 003 483
Financial Service	4 103 990	98 981	-	-	-	-	**4 202 971**	(3 282 662)	-	-	(292 836)	-	**(3 575 498)**	627 473
Corporate Service	4 365 671	186 885	(22 363)	-	-	-	**4 530 193**	(2 853 162)	7 581	-	(445 679)	-	**(3 291 260)**	1 238 933
Engineering Service	1 364 800 144	3 581 576	-	-	-	-	**1 368 381 720**	(692 290 704)	-	-	(75 632 323)	(654 148)	**(768 577 175)**	599 804 545
Community Service	199 527 075	28 897 236	-	-	-	-	**228 424 311**	(56 610 678)	-	-	(8 453 812)	-	**(65 064 490)**	163 359 821
Electrical Engineering	887 949 219	41 087 253	(11 968 881)	-	-	-	**917 067 591**	(395 338 857)	9 113 514	-	(37 632 338)	(3 745 124)	**(427 602 805)**	489 464 786
Transport, Safety, Security and Liason	22 444 689	-	-	-	-	-	**22 444 689**	(8 466 434)	-	-	(966 570)	-	**(9 433 004)**	13 011 685
Intangible Asset	3 605 102	154 938	-	-	-	-	**3 760 040**	(2 001 634)	-	-	(623 269)	-	**(2 624 903)**	1 135 137
Land	124 398 446	-	-	-	-	-	**124 398 446**	-	-	-	-	-	**-**	124 398 446
Leased Asset	10 920 220	7 440 638	(45 327)	-	-	-	**18 315 531**	(7 932 282)	36 993	-	(2 897 560)	-	**(10 792 849)**	7 522 682
Investment Properties	181 377 053	-	-	-	-	-	**181 377 053**	-	-	-	-	-	**-**	181 377 053
Work in Progress	30 985 479	86 473 783	-	(64 509 821)	-	-	**52 949 441**	-	-	-	-	-	**-**	52 949 441
Heritage assets	195 000	-	-	-	-	-	**195 000**	-	-	-	-	-	**-**	195 000
	2 842 512 920	**167 992 260**	**(12 078 571)**	**(64 509 821)**	**-**	**-**	**2 933 916 788**	**(1 172 873 778)**	**9 200 074**	**-**	**(127 793 108)**	**(4 399 272)**	**(1 295 866 084)**	**1 638 050 704**
Total	**2 842 512 920**	**167 992 260**	**(12 078 571)**	**(64 509 821)**	**-**	**-**	**2 933 916 788**	**(1 172 873 778)**	**9 200 074**	**-**	**(127 793 108)**	**(4 399 272)**	**(1 295 866 084)**	**1 638 050 704**

Segmental Statement of Financial Performance for the year ended

Prior Year				Current Year		
Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
			Municipality			
-	37 940 487	(37 940 487)	Executive & Council/Mayor and Council	-	39 479 040	(39 479 040)
481 552 242	283 480 868	198 071 374	Finance & Admin/Finance	516 074 453	277 936 984	238 137 469
271 476	25 188 638	(24 917 162)	Planning and Development/Economic Development/Plan	273 273	24 372 916	(24 099 643)
23 856	8 696 265	(8 672 409)	Health/Clinics	212 999	9 103 661	(8 890 662)
46 324	8 866 582	(8 820 258)	Comm. & Social/Libraries and archives	37 723	8 981 276	(8 943 553)
2 308 824	12 233 675	(9 924 851)	Housing	2 724 294	13 788 555	(11 064 261)
37 451 500	24 420 309	13 031 191	Public Safety/Police	31 635 630	18 269 434	13 366 196
149 130	23 678 468	(23 529 338)	Sport and Recreation	124 948	23 016 099	(22 891 151)
36 475 765	85 116 924	(48 641 159)	Waste Water Management/Sewerage	38 744 931	96 913 634	(58 168 703)
113 674 609	250 150 287	(136 475 678)	Road Transport/Roads	91 176 502	191 445 600	(100 269 098)
462 749 765	464 337 183	(1 587 418)	Electricity /Electricity Distribution	459 468 534	515 290 067	(55 821 533)
1 134 703 491	**1 224 109 686**	**(89 406 195)**		**1 140 473 287**	**1 218 597 266**	**(78 123 979)**

Greater Tzaneen Municipality
Appendix E(1)
June 2019

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2019

	Current year 2019 Act. Bal. Rand	Current year 2019 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Property rates	109 160 412	87 000 000	22 160 412	25.5	Refer to note 52
Service charges	486 036 172	534 933 000	(48 896 828)	(9.1)	
Property rates - penalties imposed	10 022 809	6 800 000	3 222 809	47.4	Refer to note 52
Rental of facilities and equipment	2 132 853	1 772 100	360 753	20.4	Refer to note 52
Interest received - outstanding receivables	17 826 053	17 000 000	826 053	4.9	
Agency services	9 254 073	51 164 291	(41 910 218)	(81.9)	Refer to note 52
Fines	32 189 439	4 501 136	27 688 303	615.1	Refer to note 52
Licences and permits	1 020 674	771 000	249 674	32.4	Refer to note 52
Government grants and subsidies	432 583 934	454 946 404	(22 362 470)	(4.9)	
Public contributions and donations	110 987	-	110 987	100.0	Refer to note 52
Discretionary grant - SETA	2 681 114	-	2 681 114	-	
Other income	27 601 807	11 735 046	15 866 761	135.2	Refer to note 52
Administration and project management fees	217 388	-	217 388	-	
Interest received - other	9 635 572	3 801 000	5 834 572	153.5	Refer to note 52
	1 140 473 287	1 174 423 977	(33 950 690)	(2.9)	
Expenses					
Employee cost	(299 024 391)	(346 925 728)	47 901 337	(13.8)	Refer to note 52
Remuneration of councillors	(27 050 526)	(28 582 323)	1 531 797	(5.4)	
Depreciation and impairment	(127 793 108)	(133 550 583)	5 757 475	(4.3)	
Lease rentals on operating lease	-	(352 682)	352 682	(100.0)	
Impairments	(4 399 272)	-	(4 399 272)	100.0	Refer to note 52
Finance costs	(11 973 760)	(26 448 557)	14 474 797	(54.7)	Refer to note 52
Debt Impairment	(132 298 457)	(29 400 000)	(102 898 457)	350.0	Refer to note 52
Collection costs	(600 321)	(1 533 243)	932 922	(60.8)	Refer to note 52
Repairs and maintenance	(42 367 400)	(61 231 309)	18 863 909	(30.8)	Refer to note 52
Bulk purchases	(348 443 869)	(340 000 000)	(8 443 869)	2.5	
Contracted Services	(51 435 443)	(57 066 372)	5 630 929	(9.9)	
Grants and subsidies paid	(50 297 361)	(31 441 077)	(18 856 284)	60.0	Refer to note 52
General Expenses	(120 711 751)	(135 995 251)	15 283 500	(11.2)	Refer to note 52
	(1 216 395 659)	(1 192 527 125)	(23 868 534)	2.0	
Other revenue and costs					
Gain or loss on disposal of assets and liabilities	(2 201 607)	2 500 000	(4 701 607)	(188.1)	Refer to note 52
	(2 201 607)	2 500 000	(4 701 607)	(188.1)	Refer to note 52
Net surplus/ (deficit) for the year	(78 123 979)	(15 603 148)	(62 520 831)	400.7	

Greater Tzaneen Municipality
Appendix E(2)
June 2019

Budget Analysis of Capital Expenditure as at 30 June 2019

	Additions Rand	Revised Budget Rand	Variance Rand	Variance %	Explanation of significant variances from budget
Municipality					
Executive & Council/Mayor and Council	6 059	6 059	-	-	
Finance & Admin/Finance	11 539 356	4 047 816	(7 491 540)	**(185)**	The overspending is due to the acquisition of photocopiers machines and tablets through finance lease
Planning and Development/Economic Development/Plan	48 502	248 891	200 389	**81**	Variance is due to delay in implementation of MSCOA, compatable equipment was not purchased
Health/Clinics	190 170	230 000	39 830	**17**	The project was completed with the less amount than budgeted
Housing	1 066 514	2 500 000	1 433 486	**57**	The allocation was approved during the adjustment budget in February and the the contractor was appointed in June which led to the low spending on the projects
Sport and Recreation	349 001	348 000	(1 001)	-	
Waste Water Management/Sewerage	15 131	7 366	(7 765)	**(105)**	Office equipment purchased through non capital tools vote
Road Transport/Roads	54 196 701	94 621 573	40 424 872	**43**	The low spending is due to the roads that were constracted on behalf of RAL and are transferred to RAL as grants and subsidies
Electricity /Electricity Distribution	36 071 004	51 943 313	15 872 309	**31**	The low spending is due to the delay in manufacturing of transformers, switchgear and auto reclosers
	103 482 438	**153 953 018**	**50 470 580**	**33**	

Appendix G1
Budgeted Financial Performance (revenue and expenditure by functional classification) for the year ended 30 June 2019

	2019/2018											2018/2017
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue - Functional												
Municipal governance and administration	**447 717 007**	**636 404**	**448 353 411**	**513 195 957**		**64 842 546**	**114 %**	**115 %**				**470 547 944**
Executive and council	1 100	-	1 100	-		(1 100)	- %	- %				-
Budget and treasury	447 715 650	-	447 715 650	512 448 566		64 732 916	114 %	114 %				470 547 944
Corporate services	257	636 404	636 661	747 391		110 730	117 %	290 814 %				-
Community and public safety	**6 917 620**	**-**	**6 917 620**	**34 735 594**		**27 817 974**	**502 %**	**502 %**				**39 979 634**
Community and social services	65 629	-	65 629	37 723		(27 906)	57 %	57 %				46 324
Sport and recreation	560 766	-	560 766	124 948		(435 818)	22 %	22 %				149 130
Public safety	4 001 000	-	4 001 000	31 635 630		27 634 630	791 %	791 %				37 451 500
Housing	2 265 225	-	2 265 225	2 724 294		459 069	120 %	120 %				2 308 824
Health	25 000	-	25 000	212 999		187 999	852 %	852 %				23 856
Economic and environmental services	**144 563 946**	**(500 000)**	**144 063 946**	**91 410 007**		**(52 653 939)**	**63 %**	**63 %**				**113 895 435**
Planning and development	563 555	-	563 555	233 505		(330 050)	41 %	41 %				220 826
Road transport	144 000 391	(500 000)	143 500 391	91 176 502		(52 323 889)	64 %	63 %				113 674 609
Trading services	**575 089 000**	**-**	**575 089 000**	**498 213 469**		**(76 875 531)**	**87 %**	**87 %**				**499 225 532**
Electricity	517 347 000	-	517 347 000	459 468 534		(57 878 466)	89 %	89 %				462 749 767
Waste management	57 742 000	-	57 742 000	38 744 935		(18 997 065)	67 %	67 %				36 475 765
Other	**2 500 000**	**-**	**2 500 000**	**-**		**(2 500 000)**	**- %**	**- %**				**-**
Budget and treasury office	2 500 000	-	2 500 000	-		(2 500 000)	- %	- %				11 004 300
Administration and project cost from SETA	-	-	-	217 388		217 388	DIV/0 %	DIV/0 %				-
Income received from SETA	-	-	-	2 681 114		2 681 114	DIV/0 %	DIV/0 %				-
Interest received	-	-	-	19 758		19 758	DIV/0 %	DIV/0 %				50 645
Total Revenue - Functional	**1 176 787 573**	**136 404**	**1 176 923 977**	**1 140 473 287**		**(36 450 690)**	**97 %**	**97 %**				**1 134 703 490**

Appendix G1
Budgeted Financial Performance (revenue and expenditure by functional classification) for the year ended 30 June 2019

	2019/2018											2018/2017
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure - Functional												
Governance and administration	**245 571 558**	**13 898 340**	**259 469 898**	**315 674 071**	**-**	**56 204 173**	**122 %**	**129 %**	**-**	**-**	**-**	**298 446 461**
Executive and council	43 758 386	-	43 758 386	39 479 040	-	(4 279 346)	90 %	90 %	-	-	-	37 940 487
Budget and treasury office	101 488 570	4 500 000	105 988 570	179 660 474	-	73 671 904	170 %	177 %	-	-	-	170 418 091
Corporate services	100 324 602	9 398 340	109 722 942	96 534 557	-	(13 188 385)	88 %	96 %	-	-	-	90 087 883
Community and public safety	**100 121 389**	**300 000**	**100 421 389**	**73 159 025**	**-**	**(27 262 364)**	**73 %**	**73 %**	**-**	**-**	**-**	**77 895 299**
Community and social services	9 357 290	-	9 357 290	8 981 276	-	(376 014)	96 %	96 %	-	-	-	8 866 582
Sport and recreation	29 826 255	-	29 826 255	23 016 099	-	(6 810 156)	77 %	77 %	-	-	-	23 678 468
Public safety	30 329 633	-	30 329 633	18 269 434	-	(12 060 199)	60 %	60 %	-	-	-	24 420 309
Housing	18 497 726	300 000	18 797 726	13 788 555	-	(5 009 171)	73 %	75 %	-	-	-	12 233 675
Health	12 110 485	-	12 110 485	9 103 661	-	(3 006 824)	75 %	75 %	-	-	-	8 696 265
Economic and environmental services	**227 034 285**	**7 624 687**	**234 658 972**	**215 358 859**	**-**	**(19 300 113)**	**92 %**	**95 %**	**-**	**-**	**-**	**272 389 457**
Planning and development	28 613 994	3 775 000	32 388 994	23 913 261	-	(8 475 733)	74 %	84 %	-	-	-	22 239 169
Road transport	198 420 291	3 849 687	202 269 978	191 445 598	-	(10 824 380)	95 %	96 %	-	-	-	250 150 288
Trading services	**593 569 994**	**4 406 872**	**597 976 866**	**612 203 704**	**-**	**14 226 838**	**102 %**	**103 %**	**-**	**-**	**-**	**549 454 107**
Electricity	506 151 608	4 406 872	510 558 480	515 290 068	-	4 731 588	101 %	102 %	-	-	-	464 337 183
Waste water management	6 434 937	-	6 434 937	4 516 273	-	(1 918 664)	70 %	70 %	-	-	-	5 972 911
Waste management	80 983 449	-	80 983 449	92 397 363	-	11 413 914	114 %	114 %	-	-	-	79 144 013
Other	**-**	**-**	**-**	**2 201 607**	**-**	**2 201 607**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Budget and treasury office	-	-	-	2 201 607	-	2 201 607	DIV/0 %	DIV/0 %	-	-	-	25 924 361
Total Expenditure - Functional	**1 166 297 226**	**26 229 899**	**1 192 527 125**	**1 218 597 266**	**-**	**26 070 141**	**102 %**	**104 %**	**-**	**-**	**-**	**1 224 109 685**
Surplus/(Deficit) for the year	**10 490 347**	**(26 093 495)**	**(15 603 148)**	**(78 123 979)**		**(62 520 831)**	**501 %**	**(745)%**				**(89 406 195)**

Appendix G2
Budgeted Financial Performance (revenue and expenditure by municipal vote) for the year ended 30 June 2019

	2019/2018												2018/2017
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue by Vote													
Vote 1 - Municipal Manager	129	-		129	-		(129)	- %	- %				-
Vote 2 - Planning and Economic Development	563 555	-		563 555	233 505		(330 050)	41 %	41 %				220 826
Vote 3 - Financial Services	447 715 650	-		447 715 650	512 448 566		64 732 916	114 %	114 %				470 547 942
Vote 4 - Corporate Services	1 228	636 404		637 632	747 391		109 759	117 %	60 862 %				-
Vote 5 - Community Services	113 579 686	-		113 579 686	85 782 112		(27 797 574)	76 %	76 %				88 846 290
Vote 7 - Electrical Engineering Services	517 347 000	-		517 347 000	459 468 534		(57 878 466)	89 %	89 %				462 749 770
Vote 8 - Engineering Services	95 080 325	(500 000)		94 580 325	78 874 892		(15 705 433)	83 %	83 %				101 283 717
Vote 3 - Financial Services	2 500 000	-		2 500 000	-		(2 500 000)	- %	- %				(25 924 361)
Income received from SETA	-	-		-	2 681 114		2 681 114	DIV/0 %	DIV/0 %				-
Interest received	-	-		-	19 785		19 785	DIV/0 %	DIV/0 %				50 645
Administration and project management costs from SETA	-	-		-	217 388		217 388	DIV/0 %	DIV/0 %				-
Total Revenue by Vote	**1 176 787 573**	**136 404**		**1 176 923 977**	**1 140 473 287**		**(36 450 690)**	**97 %**	**97 %**				**1 108 779 129**
Expenditure by Vote to be appropriated													
Vote 1 - Municipal Manager	30 146 709	4 500 000	1 724 000	36 370 709	37 017 080	-	646 371	102 %	123 %	-	-	-	11 638 107
Vote 2 - Planning and Economic Development	27 695 680	(207 966)	-	27 487 714	23 597 595	-	(3 890 119)	86 %	85 %	-	-	-	22 848 893
Vote 3 - Financial Services	101 488 570	4 500 000	(1 744 000)	104 244 570	181 862 070	-	77 617 500	174 %	179 %	-	-	-	170 418 091
Vote 4 Corporate Services	102 190 103	381 471	20 000	102 591 574	86 080 041	-	(16 511 533)	84 %	84 %	-	-	-	104 778 733
Vote 5 - Community Services	216 416 168	3 000 000	-	219 416 168	191 125 328	-	(28 290 840)	87 %	88 %	-	-	-	175 818 827
Vote 7 - Electrical Engineering Services	506 151 608	4 406 872	-	510 558 480	515 290 068	-	4 731 588	101 %	102 %	-	-	-	465 080 173
Vote 8 - Engineering Services	174 347 970	5 724 522	-	180 072 492	172 739 309	-	(7 333 183)	96 %	99 %	-	-	-	239 318 883
Econcomic and environmental services	7 860 418	-	3 925 000	11 785 418	10 885 775	-	(899 643)	92 %	138 %	-	-	-	8 283 617
Total Expenditure by Vote	**1 166 297 226**	**22 304 899**	**3 925 000**	**1 192 527 125**	**1 218 597 266**	**-**	**26 070 141**	**102 %**	**104 %**	**-**	**-**	**-**	**1 198 185 324**
Surplus/(Deficit) for the year	**10 490 347**	**(22 168 495)**		**(15 603 148)**	**(78 123 979)**		**(62 520 831)**	**501 %**	**(745)%**				**(89 406 195)**

Appendix G3
Budgeted Financial Performance (revenue and expenditure) for the year ended 30 June 2019

	2019/2018								2018/2017			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue By Source												
Property rates	87 000 000	-	87 000 000	109 160 412		22 160 412	125 %	125 %				99 289 523
Property rates - penalties and collection charge	6 800 000	-	6 800 000	10 022 809		3 222 809	147 %	147 %				8 203 616
Service charges - electricity revenue	501 351 000	-	501 351 000	449 863 851		(51 487 149)	90 %	90 %				452 023 274
Service charges - water revenue	-	-	-	-		-	DIV/0 %	DIV/0 %				-
Service charges - sanitation revenue	-	-	-	-		-	DIV/0 %	DIV/0 %				-
Service charges - refuse revenue	30 432 000	-	30 432 000	33 052 322		2 620 322	109 %	109 %				30 990 314
Service charges - other	3 150 000	-	3 150 000	3 119 995		(30 005)	99 %	99 %				2 046 816
Rental of facilities and equipment	1 772 100	-	1 772 100	2 132 853		360 753	120 %	120 %				1 781 896
Interest earned - external investments	3 801 000	-	3 801 000	9 635 572		5 834 572	254 %	254 %				4 477 920
Interest earned - outstanding debtors	17 000 000	-	17 000 000	17 826 053		826 053	105 %	105 %				18 395 501
Dividends received	-	-	-	-		-	DIV/0 %	DIV/0 %				-
Fines, penalties and forfeits	4 501 136	-	4 501 136	32 189 439		27 688 303	715 %	715 %				37 986 646
Licences and permits	771 000	-	771 000	1 020 674		249 674	132 %	132 %				1 005 867
Agency services	51 164 291	-	51 164 291	9 254 074		(41 910 217)	18 %	18 %				7 988 116
Transfers and subsidies	366 610 750	636 404	367 247 154	387 199 775		19 952 621	105 %	106 %				405 938 124
Other revenue	12 235 046	(500 000)	11 735 046	27 601 806		15 866 760	235 %	226 %				41 772 610
Gains on disposal of PPE	2 500 000	-	2 500 000	-		(2 500 000)	- %	- %				-
	-	-	-	-		-	DIV/0 %	DIV/0 %				-
Total Revenue (excluding capital transfers and contributions)	**1 089 088 323**	**136 404**	**1 089 224 727**	**1 092 079 635**		**2 854 908**	**100 %**	**100 %**				**1 111 900 223**

Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2019

	2019/2018								2018/2017			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure By Type												
Employee related costs	343 017 085	-	343 017 085	299 024 391	-	(43 992 694)	87 %	87 %	-	-	-	285 057 090
Remuneration of councillors	27 425 152	-	27 425 152	27 050 526	-	(374 626)	99 %	99 %	-	-	-	25 383 568
Debt impairment	29 400 000	-	29 400 000	132 298 457	-	102 898 457	450 %	450 %	-	-	-	116 939 752
Depreciation & asset impairment	133 475 496	-	133 475 496	132 192 380	-	(1 283 116)	99 %	99 %	-	-	-	130 536 718
Finance charges	26 448 557	-	26 448 557	11 973 769	-	(14 474 788)	45 %	45 %	-	-	-	11 974 269
Bulk purchases	340 000 000	-	340 000 000	348 443 869	-	8 443 869	102 %	102 %	-	-	-	325 455 993
Other materials	51 180 125	9 801 407	60 981 532	42 367 400	-	(18 614 132)	69 %	83 %	-	-	-	45 099 414
Contracted services	54 066 372	3 000 000	57 066 372	51 435 442	-	(5 630 930)	90 %	95 %	-	-	-	48 050 548
Transfers and subsidies	30 804 672	636 404	31 441 076	50 297 361	-	18 856 285	160 %	163 %	-	-	-	112 420 696
Other expenditure	126 653 662	8 867 088	135 520 750	121 312 060	-	(14 208 690)	90 %	96 %	-	-	-	97 267 277
Loss on disposal of PPE	-	-	-	2 201 607	-	2 201 607	DIV/0 %	DIV/0 %	-	-	-	25 924 361
Total Expenditure	**1 162 471 121**	**22 304 899**	**1 184 776 020**	**1 218 597 262**	**-**	**33 821 242**	**103 %**	**105 %**	**-**	**-**	**-**	**1 224 109 686**
Surplus/(Deficit)	**(73 382 798)**	**(22 168 495)**	**(95 551 293)**	**(126 517 627)**		**(30 966 334)**	**132 %**	**172 %**				**(112 209 463)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	87 699 250	-	87 699 250	48 393 648		(39 305 602)	55 %	55 %				22 803 268
Gain (loss) on disposal of assets	-	-	-	-		-	DIV/0 %	DIV/0 %				-
Transfers and subsidies - capital (in-kind - all)	-	-	-	-		-	DIV/0 %	DIV/0 %				-
Surplus/(Deficit) after capital transfers & contributions	**14 316 452**	**(22 168 495)**	**(7 852 043)**	**(78 123 979)**		**(70 271 936)**	**995 %**	**(546)%**				**(89 406 195)**
Taxation	-	-	-	-		-	DIV/0 %	DIV/0 %				-
Surplus/(Deficit) after taxation	**14 316 452**	**(22 168 495)**	**(7 852 043)**	**(78 123 979)**		**(70 271 936)**	**995 %**	**(546)%**				**(89 406 195)**
Attributable to minorities	-	-	-	-		-	DIV/0 %	DIV/0 %				-
Surplus/(Deficit) attributable to municipality	**14 316 452**	**(22 168 495)**	**(7 852 043)**	**(78 123 979)**		**(70 271 936)**	**995 %**	**(546)%**				**(89 406 195)**
Share of surplus/ (deficit) of associate	-	-	-	-		-	DIV/0 %	DIV/0 %				-
Surplus/(Deficit) for the year	**14 316 452**	**(22 168 495)**	**(7 852 043)**	**(78 123 979)**		**(70 271 936)**	**995 %**	**(546)%**				**(89 406 195)**

Appendix G4
Budgeted Capital Expenditure by vote, function and funding for the year ended 30 June 2019

	2019/2018												2018/2017
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital expenditure - Vote													
Multi-year expenditure													
Single-year expenditure													
Vote 1 - Municipal Manager	100 000	(93 941)	-	6 059	6 059	-	-	100 %	6 %	-	-	-	-
Vote 2 - Planning and Economic Development	335 000	(86 109)	-	248 891	48 501	-	(200 390)	19 %	14 %	-	-	-	-
Vote 3 - Financial Services	100 000	1 952 830	1 956 687	4 009 517	3 619 175	-	(390 342)	90 %	3 619 %	-	-	-	14 720
Vote 4 - Corporate Services	100 000	(61 701)	-	38 299	7 920 181	-	7 881 882	20 680 %	7 920 %	-	-	-	20 867
Vote 5 - Community Services	400 000	185 366	-	585 366	554 302	-	(31 064)	95 %	139 %	-	-	-	-
Vote 7 - Electrical Engineering Services	56 600 000	(200 000)	(1 956 687)	54 443 313	36 071 006	-	(18 372 307)	66 %	64 %	-	-	-	13 836 741
Vote 8 - Engineering Services	137 799 250	(43 177 677)	-	94 621 573	55 263 214	-	(39 358 359)	58 %	40 %	-	-	-	35 779 777
Capital single-year expenditure sub-total	**195 434 250**	**(41 481 232)**	**-**	**153 953 018**	**103 482 438**	**-**	**(50 470 580)**	**67 %**	**53 %**	**-**	**-**	**-**	**49 652 105**
Total Capital Expenditure - Vote	**195 434 250**	**(41 481 232)**	**-**	**153 953 018**	**103 482 438**	**-**	**(50 470 580)**	**67 %**	**53 %**	**-**	**-**	**-**	**49 652 105**

Appendix G4
Budgeted Capital Expenditure by vote, function and funding for the year ended 30 June 2019

	2019/2018												2018/2017
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital Expenditure - Functional													
Governance and administration	**300 000**	**1 797 188**	**1 956 687**	**4 053 875**	**11 545 415**	**-**	**7 491 540**	**285 %**	**3 848 %**	**-**	**-**	**-**	**35 587**
Executive and council	100 000	(93 941)	-	6 059	6 059	-	-	100 %	6 %	-	-	-	-
Budget and treasury office	100 000	1 952 830	-	2 052 830	3 619 175	-	1 566 345	176 %	3 619 %	-	-	-	14 720
Corporate Services	100 000	(61 701)	1 956 687	1 994 986	7 920 181	-	5 925 195	397 %	7 920 %	-	-	-	20 867
Community and public safety	**12 806 765**	**(9 728 765)**	**-**	**3 078 000**	**1 605 684**	**-**	**(1 472 316)**	**52 %**	**13 %**	**-**	**-**	**-**	**-**
Sport and recreation	300 000	48 000	-	348 000	349 001	-	1 001	100 %	116 %	-	-	-	-
Housing	12 506 765	(10 006 765)	-	2 500 000	1 066 513	-	(1 433 487)	43 %	9 %	-	-	-	-
Health	-	230 000	-	230 000	190 170	-	(39 830)	83 %	DIV/0 %	-	-	-	-
Economic and environmental services	**125 627 485**	**(33 257 021)**	**-**	**92 370 464**	**54 245 202**	**-**	**(38 125 262)**	**59 %**	**43 %**	**-**	**-**	**-**	**35 792 337**
Planning and development	335 000	(86 109)	-	248 891	48 501	-	(200 390)	19 %	14 %	-	-	-	-
Road transport	125 292 485	(33 170 912)	-	92 121 573	54 196 701	-	(37 924 872)	59 %	43 %	-	-	-	35 792 337
Trading services	**56 700 000**	**(292 634)**	**(1 956 687)**	**54 450 679**	**36 086 137**	**-**	**(18 364 542)**	**66 %**	**64 %**	**-**	**-**	**-**	**13 824 181**
Electricity	56 600 000	(200 000)	(1 956 687)	54 443 313	36 071 006	-	(18 372 307)	66 %	64 %	-	-	-	13 824 181
Waste management	100 000	(92 634)	-	7 366	15 131	-	7 765	205 %	15 %	-	-	-	-
Total Capital Expenditure - Functional	**195 434 250**	**(41 481 232)**	**-**	**153 953 018**	**103 482 438**	**-**	**(50 470 580)**	**67 %**	**53 %**	**-**	**-**	**-**	**49 652 105**
Funded by:													
National Government	87 699 250	-		87 699 250	48 092 491		(39 606 759)	55 %	55 %				22 753 996
Provincial Government	-	230 000		230 000	190 170		(39 830)	83 %	DIV/0 %				-
Transfers recognised - capital	**87 699 250**	**230 000**		**87 929 250**	**48 282 661**		**(39 646 589)**	**55 %**	**55 %**				**22 753 996**
Public contributions & donations	-	-		-	110 987		110 987	DIV/0 %	DIV/0 %				49 272
Borrowing	90 000 000	(50 000 000)		40 000 000	20 907 460		(19 092 540)	52 %	23 %				1 741 495
Internally generated funds	17 735 000	8 288 768		26 023 768	34 181 330		8 157 562	131 %	193 %				25 107 342
Total Capital Funding	**195 434 250**	**(41 481 232)**		**153 953 018**	**103 482 438**		**(50 470 580)**	**67 %**	**53 %**				**49 652 105**

Greater Tzaneen Municipality
Appendix G5
Budgeted Cash Flows
for the year ended 30 June 2019

	2019/2018							2018
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Cash flow from operating activities								
Taxation revenue	93 800 000	-	93 800 000	89 038 362	(4 761 638)	95 %	95 %	79 408 159
Sale of goods and services	606 476 573	(500 000)	605 976 573	590 478 974	(15 497 599)	97 %	97 %	512 383 859
Grants	454 310 000	636 404	454 946 404	476 349 313	21 402 909	105 %	105 %	483 813 001
Interest	20 801 000	-	20 801 000	9 635 572	(11 165 428)	46 %	46 %	4 477 920
Employee costs	(343 017 085)	-	(343 017 085)	(328 421 765)	14 595 320	96 %	96 %	(310 842 238)
Suppliers	(689 978 983)	(636 404)	(690 615 387)	(719 237 761)	(28 622 374)	104 %	104 %	(711 029 350)
Finance costs	(24 448 557)	-	(24 448 557)	(10 961 350)	13 487 207	45 %	45 %	(11 107 653)
Transfer of property plant and equipment	-	-	-	64 509 821	64 509 821	DIV/0 %	DIV/0 %	75 728 464
Net cash flow from/used operating activities	**117 942 948**	**(500 000)**	**117 442 948**	**171 391 166**	**53 948 218**	**146 %**	**145 %**	**122 832 162**
Cash flow from investing activities								
Additions property, plant and equipment	(195 199 250)	50 000 000	(145 199 250)	(167 837 322)	(22 638 072)	116 %	86 %	(125 493 427)
Proceeds on disposal of property, plant and equipment	2 500 000	-	2 500 000	676 890	(1 823 110)	27 %	27 %	2 691 367
Sale of intangible assets	-	-	-	(154 938)	(154 938)	DIV/0 %	DIV/0 %	(1 150 797)
Increase in financial assets	(5 073 000)	-	(5 073 000)	(4 367 443)	705 557	86 %	86 %	(1 491 921)
Net cash flow from/used investing activities	**(197 772 250)**	**50 000 000**	**(147 772 250)**	**(171 682 813)**	**(23 910 563)**	**116 %**	**87 %**	**(124 874 778)**
Cash flow from financing activities								
Borrowing long term/refinancing	90 000 000	(50 000 000)	40 000 000	40 000 000	-	100 %	44 %	(17 694 873)
Repayment of other financial liabilities	(9 556 844)	-	(9 556 844)	(9 726 956)	(170 112)	102 %	102 %	-
Finance lease payments	(1 500 000)	-	(1 500 000)	4 090 641	5 590 641	(273)%	(273)%	(4 756 775)
Net cash flow from/used financing activities	**78 943 156**	**(50 000 000)**	**28 943 156**	**34 363 685**	**5 420 529**	**119 %**	**44 %**	**(22 451 648)**
Net increase/(decrease) in cash held	**(886 146)**	**(500 000)**	**(1 386 146)**	**34 072 038**	**35 458 184**	**(2 458)%**	**(3 845)%**	**(24 494 264)**
Cash/cash equivalents at the year begin:	12 342 983	(4 286 921)	8 056 062	8 056 255	193	100.00 %	65.27 %	32 550 519
Cash/cash equivalents at the year end:	**11 456 837**	**(4 786 921)**	**6 669 916**	**42 128 293**	**35 458 377**	**632 %**	**368 %**	**8 056 255**